

**CITY OF LIVINGSTON**

**INDEPENDENT AUDITOR'S REPORT  
AND  
FINANCIAL STATEMENTS**

**JUNE 30, 2020**

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## INDEPENDENT AUDITOR'S REPORT

To the Honorable Mayor and City Council  
City of Livingston, California

### Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Livingston, California, (the City) as of and for the year ended June 30, 2020, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

### Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

### Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

### Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Livingston, California, as of June 30, 2020, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

## Other Matters

### Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the budgetary comparison information on pages 44 – 46, Schedule of Changes in City’s Net OPEB Liability and Related Ratios on page 47, and the Schedule of the City’s Proportionate Share of Net Pension Liability and the Schedule of Contributions on pages 48 – 49 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management’s responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Management has omitted the management’s discussion and analysis that accounting principles generally accepted in the United States of America require to be presented to supplement the basic financial statements. Such missing information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. Our opinion on the basic financial statements is not affected by this missing information.

### Supplementary Information

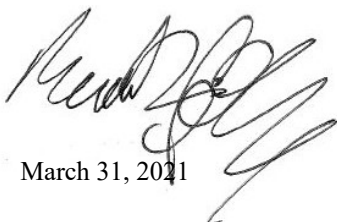
Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City’s basic financial statements. The combining nonmajor fund financial statements on pages 50 – 57 and the schedule of net revenue available for debt service on page 58 are presented for purposes of additional analysis and are not a required part of the basic financial statements. The schedule of expenditures of federal awards is presented for purposes of additional analysis as required by Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, and is also not a required part of the basic financial statements.

The combining nonmajor fund financial statements are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining nonmajor fund financial statements and the schedule of expenditures of federal awards are fairly stated in all material respects in relation to the basic financial statements as a whole.

The schedule of net revenue available for debt have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.

### Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated March 31, 2021, on our consideration of the City of Livingston’s internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering City of Livingston’s internal control over financial reporting and compliance.



March 31, 2021

# CITY OF LIVINGSTON

## STATEMENT OF NET POSITION JUNE 30, 2020

	<b>Governmental Activities</b>	<b>Business-Type Activities</b>	<b>Total</b>
<b>ASSETS</b>			
Cash and investments	\$ 12,602,239	\$ 12,467,662	\$ 25,069,901
Accounts and interest receivable, net	101,580	875,030	976,610
Due from other governments	1,065,909	-	1,065,909
Notes and loans receivable	1,344,808	-	1,344,808
Prepaid expense	13,272	-	13,272
Capital assets, net of allowance for depreciation	<u>15,273,421</u>	<u>26,680,142</u>	<u>41,953,563</u>
Total assets	<u>30,401,229</u>	<u>40,022,834</u>	<u>70,424,063</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>	<u>1,722,962</u>	<u>320,898</u>	<u>2,043,860</u>
<b>LIABILITIES</b>			
Accounts payable	377,025	862,700	1,239,725
Accrued expenses	302,982	65,795	368,777
Accrued interest payable	31,693	42,137	73,830
Deposits	573,987	116,139	690,126
Long-term liabilities			
Due within one year	127,049	288,054	415,103
Due in more than one year	2,195,951	8,640,610	10,836,561
Net OPEB liability	1,820,286	571,680	2,391,966
Net pension liability	5,241,049	969,401	6,210,450
Compensated absences	<u>533,291</u>	<u>129,385</u>	<u>662,676</u>
Total liabilities	<u>11,203,313</u>	<u>11,685,901</u>	<u>22,889,214</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>	<u>404,307</u>	<u>92,228</u>	<u>496,535</u>
<b>NET POSITION</b>			
Net investment in capital assets	12,950,421	17,751,478	30,701,899
Restricted for debt service	127,049	450,749	577,798
Restricted for capital improvements	6,369,124	7,547,292	13,916,416
Restricted for noncurrent receivables	1,358,080	-	1,358,080
Restricted for specific projects and programs	2,684,956	-	2,684,956
Unrestricted/(deficit)	<u>(2,973,059)</u>	<u>2,816,084</u>	<u>(156,975)</u>
Total net position	<u>\$ 20,516,571</u>	<u>\$ 28,565,603</u>	<u>\$ 49,082,174</u>

# CITY OF LIVINGSTON

## STATEMENT OF ACTIVITIES YEAR ENDED JUNE 30, 2020

Functions/Programs	Expense	Program Revenue			Net Revenue/(Expense) and Changes in Net Position		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-Type Activities	Total
<b>Primary Government</b>							
Governmental activities							
General government	\$ 1,247,791	\$ -	\$ 304,227	\$ -	\$ (943,564)	\$ -	\$ (943,564)
Parks and community services	997,301	69,577	-	-	(927,724)	-	(927,724)
Public safety	4,647,454	78,572	523,291	-	(4,045,591)	-	(4,045,591)
Public works	2,404,921	-	1,314,722	-	(1,090,199)	-	(1,090,199)
Planning and community development	805,972	612,695	92,516	580,808	480,047	-	480,047
Debt Service	-	-	-	-	-	-	-
Interest and fiscal charges	31,693	-	-	-	(31,693)	-	(31,693)
Total governmental activities	10,135,132	760,844	2,234,756	580,808	(6,558,724)	-	(6,558,724)
Business-type activities							
Water	2,762,539	4,325,690	-	417,674	-	1,980,825	1,980,825
Sanitation	1,400,749	1,490,409	-	5,000	-	94,660	94,660
Domestic Sewer	2,123,125	2,161,796	-	141,184	-	179,855	179,855
Industrial Sewer	600	2,625	-	-	-	2,025	2,025
Total business-type activities	6,287,013	7,980,520	-	563,858	-	2,257,365	2,257,365
<b>Total primary government</b>	<b>\$ 16,422,145</b>	<b>\$ 8,741,364</b>	<b>\$ 2,234,756</b>	<b>\$ 1,144,666</b>	<b>(6,558,724)</b>	<b>2,257,365</b>	<b>(4,301,359)</b>
<b>General Revenue</b>							
Property taxes, levied for general purposes					4,908,483	-	4,908,483
Business licenses & transient occupancy tax					302,219	-	302,219
Franchise tax					315,893	-	315,893
Sales tax					1,369,162	-	1,369,162
Investment income					171,196	204,228	375,424
Other revenues					183,078	26,945	210,023
Transfers					(17,500)	17,500	-
Total general revenue					7,232,531	248,673	7,481,204
<b>Change in Net Position</b>					673,807	2,506,038	3,179,845
<b>Net Position</b>							
Beginning of year					19,842,764	26,059,565	45,902,329
End of year					<u>\$ 20,516,571</u>	<u>\$ 28,565,603</u>	<u>\$ 49,082,174</u>

See accompanying notes.

# CITY OF LIVINGSTON

## BALANCE SHEET – GOVERNMENTAL FUNDS JUNE 30, 2020

	General	Maintenance Districts	Program Income	Non-Major Governmental Funds	Total Governmental Funds
<b>ASSETS</b>					
Cash and investments	\$ 3,339,701	\$ 2,870,621	\$ 98,806	\$ 6,293,111	\$ 12,602,239
Accounts and interest receivable	84,661	5,514	74	11,331	101,580
Due from other governments	491,517	31,159	-	543,233	1,065,909
Notes and loans receivable	4,673	-	1,340,135	-	1,344,808
Prepaid expense	13,272	-	-	-	13,272
Total assets	<u>\$ 3,933,824</u>	<u>\$ 2,907,294</u>	<u>\$ 1,439,015</u>	<u>\$ 6,847,675</u>	<u>\$ 15,127,808</u>
<b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCE</b>					
<b>Liabilities</b>					
Accounts payable	\$ 226,555	\$ 31,213	\$ -	\$ 119,257	\$ 377,025
Accrued expenses	280,152	12,239	-	10,591	302,982
Accrued interest payable	-	-	-	31,693	31,693
Deposits	106,260	467,727	-	-	573,987
Total liabilities	<u>612,967</u>	<u>511,179</u>	<u>-</u>	<u>161,541</u>	<u>1,285,687</u>
<b>Deferred inflows of resources</b>					
Unavailable revenues	-	-	1,340,135	-	1,340,135
Total deferred inflows of resources	<u>-</u>	<u>-</u>	<u>1,340,135</u>	<u>-</u>	<u>1,340,135</u>
<b>Fund Balance</b>					
Nonspendable					
Notes and loans receivable	4,673	-	-	-	4,673
Prepaid expense	13,272	-	-	-	13,272
Restricted					
Debt service	-	-	-	127,049	127,049
Capital improvement projects	-	-	-	3,867,845	3,867,845
Circulation improvements	-	-	-	2,501,279	2,501,279
Lighting, landscape & park maintenance	-	2,396,115	-	-	2,396,115
Public safety programs	-	-	-	189,961	189,961
Low-income housing activities	-	-	98,880	-	98,880
Unassigned	3,302,912	-	-	-	3,302,912
Total fund balance	<u>3,320,857</u>	<u>2,396,115</u>	<u>98,880</u>	<u>6,686,134</u>	<u>12,501,986</u>
Total liabilities, deferred inflows of resources, and fund balance	<u>\$ 3,933,824</u>	<u>\$ 2,907,294</u>	<u>\$ 1,439,015</u>	<u>\$ 6,847,675</u>	<u>\$ 15,127,808</u>



# CITY OF LIVINGSTON

## RECONCILIATION OF TOTAL GOVERNMENTAL FUND BALANCE TO THE STATEMENT OF NET POSITION JUNE 30, 2020

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Total governmental fund balance	\$ 12,501,986
Amounts reported for governmental activities in the Statement of Net Position are different because:	
Notes receivable are not available to pay for current period expenditures and, therefore, are deferred in the governmental funds	1,340,135
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the governmental funds	15,273,421
Deferred outflows of resources related to net pension and OPEB liabilities, represent a consumption of net position or fund balance that applies to future period(s) and so will not be recognized as an outflow of resources (expenses) until that time	1,722,962
Governmental long-term liabilities are not due and payable in the current period and, therefore, are not reported in the governmental funds Notes and capital lease payable	(2,323,000)
Post-retirement health benefits are not due and payable in the current period and, therefore, are not reported in the governmental funds	(1,820,286)
Net pension liability applicable to governmental activities is not due and payable in the current period and accordingly is not reported in the governmental funds	(5,241,049)
Compensated absences are not due and payable in the current period and, therefore, are not reported in the governmental funds	(533,291)
Deferred inflows of resources related to net pension and OPEB liabilities, represent an acquisition of net position or fund balance that applies to future period(s) and so will not be recognized as an inflow of resources (revenue) until that time	<u>(404,307)</u>
Net position of governmental activities	<u>\$ 20,516,571</u>

# CITY OF LIVINGSTON

## STATEMENT OF REVENUE, EXPENDITURES AND CHANGES IN FUND BALANCE – GOVERNMENTAL FUNDS YEAR ENDED JUNE 30, 2020

	General	Maintenance Districts	Program Income	Non-Major Governmental Funds	Total Governmental Funds
<b>Revenue</b>					
Taxes	\$ 5,317,133	\$ -	\$ -	\$ -	\$ 5,317,133
Licenses and permits	441,118	-	-	-	441,118
Intergovernmental	652,846	-	-	1,898,118	2,550,964
Charges for services	258,635	-	-	-	258,635
Fines and forfeitures	63,706	-	-	-	63,706
Development impact fees	-	-	-	261,984	261,984
Maintenance assessments	-	1,578,624	-	-	1,578,624
Loan payments	-	-	56,450	-	56,450
Investment income	69,870	40,216	7,404	53,706	171,196
Other	173,355	5,388	59	4,276	183,078
Total revenue	<u>6,976,663</u>	<u>1,624,228</u>	<u>63,913</u>	<u>2,218,084</u>	<u>10,882,888</u>
<b>Expenditures</b>					
Current					
General government	1,114,025	-	-	-	1,114,025
Parks and community services	834,673	-	-	-	834,673
Public safety	4,089,893	-	-	171,152	4,261,045
Public works	362,401	1,206,553	-	564,943	2,133,897
Planning and community development	683,751	-	61,272	160,891	905,914
Capital outlay	28,544	128,100	-	1,584,864	1,741,508
Debt Service					
Interest and fiscal charges	-	-	-	31,693	31,693
Total expenditures	<u>7,113,287</u>	<u>1,334,653</u>	<u>61,272</u>	<u>2,513,543</u>	<u>11,022,755</u>
Revenue over/(under) expenditures	(136,624)	289,575	2,641	(295,459)	(139,867)
<b>Other Financing Sources/(Uses)</b>					
Capital lease proceeds	-	-	-	2,323,000	2,323,000
Transfers in/(out)	(82,194)	24,857	-	39,837	(17,500)
Total other financing sources/(uses)	<u>(82,194)</u>	<u>24,857</u>	<u>-</u>	<u>2,362,837</u>	<u>2,305,500</u>
<b>Change in Fund Balance</b>	(218,818)	314,432	2,641	2,067,378	2,165,633
<b>Fund Balance</b>					
Beginning of year	<u>3,539,675</u>	<u>2,081,683</u>	<u>96,239</u>	<u>4,618,756</u>	<u>10,336,353</u>
End of year	<u>\$ 3,320,857</u>	<u>\$ 2,396,115</u>	<u>\$ 98,880</u>	<u>\$ 6,686,134</u>	<u>\$ 12,501,986</u>

# CITY OF LIVINGSTON

## RECONCILIATION OF STATEMENT OF REVENUE, EXPENDITURES, AND CHANGES IN FUND BALANCE OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES YEAR ENDED JUNE 30, 2020

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Net change in fund balance - total governmental funds \$ 2,165,633

Amounts reported for governmental activities in the Statement of Activities  
are different because:

Depreciation expense on capital assets is reported in the Statement of  
Activities, but it does not require the use of current financial  
resources, therefore, depreciation expense is not reported as  
expenditures in the Governmental Funds. (510,224)

Governmental Funds report capital outlay as expenditures. However,  
in the Statement of Activities the cost of those assets are capitalized  
as an asset and depreciated over the period of service. 1,741,508

Post-retirement benefit costs in the Statement of Activities do not  
require the use of current financial resources and, therefore,  
are not reported as expenditures in the Governmental Funds. 33,795

The net of repayment and issuance of long-term notes receivable is revenue in  
governmental funds, but the repayment reduces long-term assets in the  
statement of net position. 43,525

Pension expenses reported in the Statement of Activities do not require  
the use of current financial resources and, therefore, are not reported  
as expenditures in the Governmental Funds. (384,354)

Compensated absence costs in the Statement of Activities do not  
require the use of current financial resources and, therefore, are  
not reported as expenditures in the Governmental Funds. (93,076)

Proceeds from loans and capital leases are reported as financing sources  
in governmental funds and thus contribute to the change in fund balance.  
In the government-wide statements, however, issuing debt and entering  
into capital lease arrangements increases long-term liabilities in the  
statement of net assets and does not affect the statement of activities. (2,323,000)

Change in net position of governmental activities \$ 673,807

# CITY OF LIVINGSTON

## STATEMENT OF NET POSITION – PROPRIETARY FUNDS JUNE 30, 2020

	Business-Type Activities - Enterprise Funds				Total Proprietary Funds
	Water	Sanitation	Domestic Waste Water	Industrial Waste Water	
<b>ASSETS</b>					
<b>Current assets</b>					
Cash and investments	\$ 9,783,271	\$ 1,225,566	\$ 1,458,825	\$ -	\$ 12,467,662
Accounts and interest receivable, net	486,624	152,799	235,607	-	875,030
Total current assets	<u>10,269,895</u>	<u>1,378,365</u>	<u>1,694,432</u>	<u>-</u>	<u>13,342,692</u>
<b>Non-current assets</b>					
Advances to other fund	1,269,129	-	-	-	1,269,129
Property, plant and equipment, net of allowance for depreciation	14,773,200	16,896	11,691,941	198,105	26,680,142
Total noncurrent assets	<u>16,042,329</u>	<u>16,896</u>	<u>11,691,941</u>	<u>198,105</u>	<u>27,949,271</u>
Total assets	<u>26,312,224</u>	<u>1,395,261</u>	<u>13,386,373</u>	<u>198,105</u>	<u>41,291,963</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>	<u>159,528</u>	<u>43,234</u>	<u>118,136</u>	<u>-</u>	<u>320,898</u>
<b>LIABILITIES</b>					
<b>Current liabilities</b>					
Accounts payable	694,184	90,047	78,469	-	862,700
Accrued expenses	31,476	8,516	25,803	-	65,795
Accrued interest	8,725	-	33,412	-	42,137
Deposits	116,139	-	-	-	116,139
Current portion of long-term debt	92,752	-	195,000	-	287,752
Total current liabilities	<u>943,276</u>	<u>98,563</u>	<u>332,684</u>	<u>-</u>	<u>1,374,523</u>
<b>Non-current liabilities</b>					
Advances from other fund	-	-	-	1,269,129	1,269,129
Long-term debt	1,733,547	-	6,907,365	-	8,640,912
Net pension liability	481,935	130,602	356,864	-	969,401
Net OPEB liability	284,166	77,021	210,493	-	571,680
Compensated absences	63,424	11,580	54,381	-	129,385
Total noncurrent liabilities	<u>2,563,072</u>	<u>219,203</u>	<u>7,529,103</u>	<u>1,269,129</u>	<u>11,580,507</u>
Total liabilities	<u>3,506,348</u>	<u>317,766</u>	<u>7,861,787</u>	<u>1,269,129</u>	<u>12,955,030</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>	<u>45,851</u>	<u>12,425</u>	<u>33,952</u>	<u>-</u>	<u>92,228</u>
<b>NET POSITION</b>					
Net investment in capital assets	12,946,901	16,896	4,589,576	198,105	17,751,478
Restricted for debt service	2,099	-	448,650	-	450,749
Restricted for capital improvements	6,956,716	-	590,576	-	7,547,292
Unrestricted/(deficit)	3,013,837	1,091,408	(20,032)	(1,269,129)	2,816,084
Total net position/(deficit)	<u>\$ 22,919,553</u>	<u>\$ 1,108,304</u>	<u>\$ 5,608,770</u>	<u>\$ (1,071,024)</u>	<u>\$ 28,565,603</u>

# CITY OF LIVINGSTON

## STATEMENT OF REVENUE, EXPENSE, AND CHANGES IN FUND NET POSITION – PROPRIETARY FUNDS YEAR ENDED JUNE 30, 2020

	Business-Type Activities - Enterprise Funds				Total Proprietary Funds
	Water	Sanitation	Domestic Waste Water	Industrial Waste Water	
<b>Operating Revenue</b>					
Charges for services	\$ 4,325,690	\$ 1,478,634	\$ 2,135,272	\$ 2,625	\$ 7,942,221
Other income	4,195	11,775	49,274	-	65,244
Total operating income	<u>4,329,885</u>	<u>1,490,409</u>	<u>2,184,546</u>	<u>2,625</u>	<u>8,007,465</u>
<b>Operating Expense</b>					
Contractual services and utilities	858,544	1,135,775	403,173	-	2,397,492
Personnel	911,532	228,634	763,645	-	1,903,811
Supplies and materials	527,802	34,727	302,754	-	865,283
Depreciation	437,481	1,613	399,275	600	838,969
Total operating expense	<u>2,735,359</u>	<u>1,400,749</u>	<u>1,868,847</u>	<u>600</u>	<u>6,005,555</u>
Operating income/(loss)	<u>1,594,526</u>	<u>89,660</u>	<u>315,699</u>	<u>2,025</u>	<u>2,001,910</u>
<b>Nonoperating Revenue/(Expense)</b>					
Development impact fees	131,596	-	141,184	-	272,780
Contributed capital	286,078	-	-	-	286,078
Intergovernmental	-	5,000	-	-	5,000
Investment income	153,419	12,395	38,414	-	204,228
Interest expense	(27,180)	-	(254,278)	-	(281,458)
Total nonoperating revenue/(expense)	<u>543,913</u>	<u>17,395</u>	<u>(74,680)</u>	<u>-</u>	<u>486,628</u>
<b>Other Financing Sources/(Uses)</b>					
Transfer in/(out)	-	-	17,500	-	17,500
Total other financing sources/(uses)	<u>-</u>	<u>-</u>	<u>17,500</u>	<u>-</u>	<u>17,500</u>
<b>Change in Net Position</b>	2,138,439	107,055	258,519	2,025	2,506,038
<b>Net Position</b>					
Beginning of year	20,781,114	1,001,249	5,350,251	(1,073,049)	26,059,565
End of year	<u>\$ 22,919,553</u>	<u>\$ 1,108,304</u>	<u>\$ 5,608,770</u>	<u>\$ (1,071,024)</u>	<u>\$ 28,565,603</u>

# CITY OF LIVINGSTON

## STATEMENT OF CASH FLOW - PROPRIETARY FUNDS YEAR ENDED JUNE 30, 2020

	Business-Type Activities - Enterprise Funds				Total Proprietary Funds
	Water	Sanitation	Domestic Waste Water	Industrial Waste Water	
<b>Operating Activities</b>					
Receipts from customers and users	\$ 4,300,992	\$ 1,484,614	\$ 2,223,183	\$ 2,625	\$ 8,011,414
Payment to suppliers of goods and services	(1,091,482)	(1,187,537)	(827,228)	-	(3,106,247)
Payment to employees	(877,499)	(233,384)	(722,617)	-	(1,833,500)
Net cash provided by (used in) operating activities	<u>2,332,011</u>	<u>63,693</u>	<u>673,338</u>	<u>2,625</u>	<u>3,071,667</u>
<b>Non-capital Financial Activities</b>					
Payments from other governments	800,467	5,000	-	-	805,467
Payments received from (paid to) other funds	1,271,754	-	17,500	(2,625)	1,286,629
Payments from developers	131,596	-	141,184	-	272,780
Net cash provided by (used in) noncapital financing activities	<u>2,203,817</u>	<u>5,000</u>	<u>158,684</u>	<u>(2,625)</u>	<u>2,364,876</u>
<b>Capital and Related Financing Activities</b>					
Purchase of property, plant and equipment	(2,374,796)	(6,968)	(308,910)	-	(2,690,674)
Proceeds from the issuance of long-term debt	718,142	-	-	-	718,142
Payments on notes receivable	(1,019,129)	-	-	-	(1,019,129)
Principal paid on long-term debt	(60,322)	-	(196,822)	-	(257,144)
Interest paid on long-term debt	(18,455)	-	(256,178)	-	(274,633)
Net cash provided by (used in) capital and related financing activities	<u>(2,754,560)</u>	<u>(6,968)</u>	<u>(761,910)</u>	<u>-</u>	<u>(3,523,438)</u>
<b>Investing Activities</b>					
Interest received	153,419	12,395	38,414	-	204,228
Net cash provided by investing activities	<u>153,419</u>	<u>12,395</u>	<u>38,414</u>	<u>-</u>	<u>204,228</u>
<b>Net Increase (Decrease) in Cash</b>	1,934,687	74,120	108,526	-	2,117,333
<b>Cash</b>					
Beginning of year	7,848,584	1,151,446	1,350,299	-	10,350,329
End of year	<u>\$ 9,783,271</u>	<u>\$ 1,225,566</u>	<u>\$ 1,458,825</u>	<u>\$ -</u>	<u>\$ 12,467,662</u>
<b>Cash Flows from Operating Activities</b>					
Operating income (loss)	\$ 1,594,526	\$ 89,660	\$ 315,699	\$ 2,025	\$ 2,001,910
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:					
Depreciation	437,481	1,613	399,275	600	838,969
(Increase) Decrease in Accounts Receivable	(37,097)	(5,795)	38,637	-	(4,255)
(Increase) Decrease in Deferred Outflows of Resources	5,963	(14,168)	20,203	-	11,998
Increase (Decrease) in Accounts Payable and Accrued Liabilities	294,864	(17,035)	(121,301)	-	156,528
Increase (Decrease) in Deposits	8,204	-	-	-	8,204
Increase (Decrease) in Compensated Absences	8,590	4,141	6,406	-	19,137
Increase (Decrease) in Deferred Inflows of Resources	(3,785)	(1,026)	(2,803)	-	(7,614)
Increase (Decrease) in Net OPEB Liability	(16,316)	(4,423)	(12,086)	-	(32,825)
Increase (Decrease) in Net Pension Liability	39,581	10,726	29,308	-	79,615
<b>Net Cash Provided (Used) by Operating Activities</b>	<u>\$ 2,332,011</u>	<u>\$ 63,693</u>	<u>\$ 673,338</u>	<u>\$ 2,625</u>	<u>\$ 3,071,667</u>

# CITY OF LIVINGSTON

## NOTES TO FINANCIAL STATEMENTS YEAR ENDED JUNE 30, 2020

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### Note 1 – Summary of Significant Accounting Policies

The financial statements of the City of Livingston (the City) have been prepared in conformity with Accounting Principles Generally Accepted in the United States of America (GAAP) as applicable to governmental entities. The Governmental Accounting Standards Board (GASB) is the accepted standard setting body for establishing governmental accounting and financial reporting principles.

These financial statements present the government and its component units, entities for which the City is considered to be financially accountable. Blended component units, although legally separate entities are, in substance, part of the government's operations and data from these units are combined with data of the primary government. Each blended component unit has a June 30 fiscal year end. There are no discretely presented component units included in these financial statements. The following sections further describe the significant accounting policies of the City.

#### Reporting Entity

The City operates under a Council-Manager form of government. The City's major operations include public safety; highways and streets; water, sewer, and refuse collection; parks and recreation; building inspection; public improvements; planning and zoning, and general administrative services.

#### Basis of Presentation – Fund Accounting

**Government-Wide Financial Statements** - The Government-Wide Financial Statements (the Statement of Net Position and the Statement of Activities and Changes in Net Position) report information of all of the nonfiduciary activities of the primary government and its component units. Eliminations have been made to minimize the double counting of internal activities. These statements distinguish between the governmental and business-type activities of the City. Governmental activities, which normally are supported by taxes and inter-governmental revenues, are reported separately from business-type activities, which rely significantly on fees charged to external parties.

The Statement of Activities and Changes in Net Position presents a comparison between direct expenses and program revenues for each segment of the business-type activities of the City and for each function of the City's governmental activities. Direct expenses are those that are specifically associated with a program or function and are clearly identifiable to a particular function. Program revenues include 1) charges paid by the recipients of goods or services offered by the programs and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues that are not classified as program revenues, including all taxes, are presented as general revenues.

Net position is restricted when constraints placed on them are either externally imposed or are imposed by constitutional provisions or enabling legislation. Internally imposed designations of resources are not presented as restricted net position. When both restricted and unrestricted resources are available for use, generally, it is the City's policy to use restricted resources first, then unrestricted resources as they are needed.

# CITY OF LIVINGSTON

## NOTES TO FINANCIAL STATEMENTS YEAR ENDED JUNE 30, 2020

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### Note 1 – Summary of Significant Accounting Policies (Continued)

**Governmental Fund Financial Statements** - The Governmental Fund Financial Statements provide information about the City's funds, including fiduciary funds and the blended component unit. Separate statements for each fund category - governmental, proprietary and fiduciary - are presented. The emphasis of fund financial statements is on major governmental and enterprise funds, each displayed in a separate column. All remaining governmental funds are separately aggregated and reported as non-major funds.

Proprietary fund operating revenues, such as charges for services, result from exchange transactions associated with the principal activity of the fund. Exchange transactions are those in which each party receives and gives up essentially equal values. Non-operating revenues, such as subsidies and investment earnings, result from non-exchange transactions or ancillary activities.

The City reports the following major governmental funds:

*General Fund* – The General Fund is the general operating fund of the City. It is used for all financial resources except those required legally, or by sound financial management to be accounted for in another fund. Generally, the General Fund is used to account for those traditional governmental services of the City, such as police and fire protection, public works, parks and recreation, community development, planning and general administrative services.

*Maintenance Districts Fund* - The Maintenance Districts Fund is to account for maintenance assessments collected for operation and maintenance of special assessment districts within the City's jurisdiction.

*Program Income Fund* - The Program Income Fund is to account for loan repayments received from low to moderate income home loans.

The City reports the following major enterprise funds:

*Water Fund* – The Water Fund accounts for the operation and maintenance of the City's water treatment and water transmission and distribution systems.

*Sanitation Fund* – The Sanitation Fund accounts for the operation and maintenance of the City's sanitation system.

*Domestic Waste Water Fund* – The Domestic Waste Water Fund accounts for the operation and maintenance of the City's sewer system.

*Industrial Waste Water Fund* – The Industrial Waste Water Fund accounts for the operation and maintenance of the City's industrial specific sewer system.



# CITY OF LIVINGSTON

## NOTES TO FINANCIAL STATEMENTS YEAR ENDED JUNE 30, 2020

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### Note 1 – Summary of Significant Accounting Policies (Continued)

#### **Basis of Accounting**

The Government-Wide and Proprietary Fund Financial Statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded at the time liabilities are incurred, regardless of when the related cash flows take place. Nonexchange transactions, in which the City gives (or receives) value without directly receiving (or giving) equal value in exchange, include property and sales taxes, grants, entitlements and donations. On an accrual basis, revenue from property taxes is recognized in the fiscal year for which the taxes are levied. Revenues from sales tax are recognized when the underlying transactions take place. Revenues from grants, entitlements and donations are recognized in the fiscal year in which all eligible requirements have been satisfied.

Governmental Funds are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under this method, revenues are recognized when measurable and available. Property and sales taxes, interest, certain state and federal grants and charges for services are accrued when their receipt occurs within sixty days after the end of the accounting period so as to be both measurable and available. Expenditures are generally recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences, claims and judgments are recorded only when payment is due. General capital asset acquisitions are reported as expenditures in governmental funds. Proceeds of general long-term debt and capital leases are reported as other financing sources.

Proprietary Funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a Proprietary Fund's principal ongoing operations. Revenues and expenses not meeting this definition are reported as non-operating.

#### **Financial Statement Amounts**

*Cash and Cash Equivalents* - Cash and cash equivalents represent the City's cash bank accounts including, but not limited to, certificates of deposit, money market funds and cash management pools for reporting purposes in the Statement of Cash Flows. Additionally, investments with maturities of three months or less when purchased are included as cash equivalents in the Statement of Cash Flows.

The City maintains a cash and investment pool that is available for use by all funds. Interest earnings as a result of this pooling are distributed to the appropriate funds based on month end cash balances in each fund.

Investments of the pool include only those investments authorized by the California Government Code such as, United States Treasury securities, agencies guaranteed by the United States Government, registered state warrants, and other investments. Investments primarily consist of deposits in the State of California Local Agency Investment Fund. Investments are recorded at amortized cost or fair value. Fair value is based upon quoted market prices.

# CITY OF LIVINGSTON

## NOTES TO FINANCIAL STATEMENTS YEAR ENDED JUNE 30, 2020

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### Note 1 – Summary of Significant Accounting Policies (Continued)

*Accounts Receivable* – Billed, but unpaid, services provided to individuals or non-governmental entities are recorded as accounts receivable. The Proprietary Funds include a year-end accrual for services through the end of the fiscal year which have not yet been billed. Accounts receivable are reported net of an allowance for uncollectibles.

Merced County is responsible for the assessment, collection and apportionment of property taxes for all taxing jurisdictions. Property taxes are levied in equal installments on November 1 and February 1. They become delinquent on December 10 and April 10, respectively. The lien date is January 1 of each year. Property taxes are accounted for in the General Fund. Property tax revenues are recognized when they become measurable and available to finance current liabilities. The City considers property taxes as available if they are collected within 60 days after year end. Property tax on the unsecured roll are due on July 1 and become delinquent if unpaid on August 31. However, unsecured property taxes are not susceptible to year end accrual.

*Interfund Receivables/Payables* - Items classified as interfund receivable/payable represent short-term lending/borrowing transactions between funds. This classification also includes the current portion of an advance to or from another fund.

*Advances To/From Other Funds* - This classification represents non-current portions of any long-term lending/borrowing transactions between funds. This amount will be equally offset by a reserve of fund balance which indicates that it does not represent available financial resources and therefore, is not available for appropriation. The current portion of any interfund long-term loan (advance) is included as an interfund receivable/payable.

*Capital Assets* - Capital outlays are recorded as expenditures of the General, Special Revenue, and Capital Projects Funds and as assets in the Government-Wide Financial Statements to the extent the City's capitalization threshold is met.

Capital assets, which include property, plant, equipment, and infrastructure assets (e.g., roads, bridges, sidewalks, and similar items), are reported in the applicable governmental or business-type activities column in the Government-Wide Financial Statements. Capital assets are defined by the government as assets with an initial individual cost of more than \$5,000 and an estimated useful life in excess of one year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized. Betterments and major improvements which significantly increase values, change capacities or extend useful lives are capitalized. Upon sale or retirement of fixed assets, the cost and related accumulated depreciation are removed from the respective accounts and any resulting gain or loss is included in the results of operations.

# CITY OF LIVINGSTON

## NOTES TO FINANCIAL STATEMENTS YEAR ENDED JUNE 30, 2020

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### Note 1 – Summary of Significant Accounting Policies (Continued)

Major outlays for capital assets and improvements are capitalized as projects are constructed. Interest incurred during the construction phase of capital assets of business-type activities are included as part of the capitalized value of the assets constructed.

Property, plant, and equipment of the primary government, as well as the component units, are depreciated using the straight line method over the following estimated useful lives:

	<u>Years</u>
Infrastructure	10 - 40
Buildings and structures	15 - 20
Improvement other than buildings	15
Machinery and equipment	5

*Compensated Absences* – Accumulated unpaid compensated absences ( vacation, compensatory time and sick leave) are accrued as a liability and reported on the government-wide financial statements as long-term debt.

Payment of unpaid amounts are reported in the fund from which the employees who have accumulated leave are paid.

*Deposits* – Deposits principally consist of amounts collected from developers for services to be rendered by the City, including engineering, plan checks and inspections and planning review services. The City recognizes such amounts deposited as revenue when the services are performed and the corresponding expenditures are incurred.

*Long-Term Obligations* - In the Government-Wide Financial Statements and in the Proprietary Fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or Proprietary Fund Type Statement of Net Position. Debt principal payments of both government and business-type activities are reported as decreases in the balance of the liability on the Statement of Net Position. Bond premiums and discounts are deferred and amortized over the life of the bonds using the effective interest method. Bonds payable are reported net of the applicable bond premium or discount.

*Pension* – For purposes of measuring the net pension liability and deferred outflows/inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the City’s California Public Employee Retirement System (CalPERS) plan and additions to/deduction from the Plan’s fiduciary net position have been determined on the same basis as they are reported by CalPERS. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

# CITY OF LIVINGSTON

## NOTES TO FINANCIAL STATEMENTS YEAR ENDED JUNE 30, 2020

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### Note 1 – Summary of Significant Accounting Policies (Continued)

In the fund financial statements, debt principal payments of Governmental Funds are recognized as expenditures when paid. Governmental Fund types recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

*Non-Current Governmental Assets/Liabilities* - GASB Statement No. 34 eliminates the presentation of account groups, but provides for these records to be maintained and incorporates the information into the Governmental Activities column in the Government-Wide Statement of Net Position.

*Net Position/Fund Balance* - The government-wide and business-type activities financial statements utilize a net position presentation. Net position is categorized as net investment in capital assets, restricted and unrestricted.

- Net Investment in Capital Assets - This category groups all capital assets, including infrastructure, into one component of net position. Accumulated depreciation and the outstanding balances of debt that are attributable to the acquisition, construction or improvement of these assets reduce the balance in this category.
- Restricted Net Position - This category presents external restrictions on net position imposed by creditors, grantors, contributors, laws or regulations of other governments and restrictions imposed by law through constitutional provisions or enabling legislation.
- Unrestricted Net Position - This category represents net position of the City not restricted for any project or other purpose.

*Fund Balance* – In the fund financial statements, governmental fund balance is made up of the following components:

- Nonspendable fund balance typically includes inventories, prepaid items, long-term portion of loans receivable and other items that must be maintained intact pursuant to legal or contractual requirements, such as endowments.
- Restricted fund balance category includes amounts that can be spent only for specific purposes imposed by creditors, grantors, contributors, or laws or regulations of other governments or through enabling legislations.
- Committed fund balance classification includes amounts that can be used only for the specific purposes determined by a formal action of the City Council. The City Council has the authority to establish, modify, or rescind a fund balance commitment.
- Assigned fund balance are amounts designated by the City Council for specific purposes and do not meet the criteria to be classified as restricted or committed.
- Unassigned fund balance is the residual classification that includes all spendable amounts in the General Fund not contained in other classifications.

# CITY OF LIVINGSTON

## NOTES TO FINANCIAL STATEMENTS YEAR ENDED JUNE 30, 2020

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### **Note 1 – Summary of Significant Accounting Policies (Continued)**

When expenditures are incurred for purposes for which both restricted and unrestricted (committed, assigned, or unassigned) fund balances are available, the City's policy is to apply restricted first. When expenditures are incurred for purposes for which committed, assigned, or unassigned fund balances are available, the City's policy is to apply committed fund balance first, then assigned fund balance, and finally unassigned fund balance.

*Use of Estimates* - The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenditures/expenses during the reporting period. Actual results could differ from those estimates.

### **Note 2 – Stewardship, Compliance and Accountability**

California law authorizes the City to invest in obligations of the United States Treasury, agencies and instrumentalities, certificates of deposit or time deposits in banks and savings and loan associations which are insured by the Federal Deposit Insurance Corporation.

In accordance with applicable sections of the California Government Code and the Livingston Municipal Code, the City prepares and legally adopts an annual balanced budget on a basis consistent with accounting principles generally accepted in the United States of America. Annual appropriated budgets are adopted for the General Fund, specific Special Revenue Funds, and specific Capital Projects Funds. Budget plans are adopted for Proprietary Funds. The Council holds public hearings and may add to, subtract from, or change appropriations within the revenues and reserves estimated as available. Expenditures may not legally exceed budgeted appropriations at the fund level. Supplementary appropriations which alter the total expenditures of any fund, or expenditures in excess of total budgeted fund appropriations, must be approved by the City Council.

All annual appropriations lapse at fiscal year end to the extent they have not been expended or encumbered.

# CITY OF LIVINGSTON

## NOTES TO FINANCIAL STATEMENTS YEAR ENDED JUNE 30, 2020

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### Note 3 – Cash and Investments

The City pools all of its cash and investments except those funds required to be held by outside fiscal agents under the provisions of bond indentures. Interest income earned on pooled cash is allocated to the various funds on average cash balances. Interest income from cash investments held with fiscal agents is credited directly to the related funds.

Cash and investments as of June 30, 2020 are classified in the accompanying financial statements as follows:

Statement of Net Position:

Cash and Investments	\$ 25,069,901
Total Cash and Investments	<u>\$ 25,069,901</u>

Cash and investments as of June 30, 2020 consist of the following:

Cash on hand	\$ 7,097
Deposits with Financial Institutions	8,579,782
Cash with Fiscal Agent	1,868,991
Local Agency Investment Fund	<u>14,614,031</u>
Total Cash and Investments	<u>\$ 25,069,901</u>

# CITY OF LIVINGSTON

## NOTES TO FINANCIAL STATEMENTS YEAR ENDED JUNE 30, 2020

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### Note 3 – Cash and Investments (Continued)

#### *Fair Value Measurements*

The framework for measuring fair value provides a fair value hierarchy that categorizes the inputs to valuation techniques used to measure fair value into three levels. The fair value hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1) and lowest priority to unobservable inputs (Level 3). The three levels of the fair value hierarchy are described as follows:

- Level 1: Inputs to the valuation methodology are quoted prices (unadjusted) for identical assets or liabilities in active markets that a government can access at the measurement date.
- Level 2: Inputs to valuation methodology include inputs – other than quoted prices included within Level 1 – that are observable for an asset or liability, either directly or indirectly.
- Level 3: Inputs to the valuation methodology are unobservable and significant to the fair value measurement.

The asset's or liability's fair value measurement level within a fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs.

Following is a description of the valuation methodologies used for assets measured at fair value.

LAIF is valued based on the City's pro-rata share of the fair value provided by LAIF for the entire LAIF portfolio (Level 2 input).

The City had the following recurring fair value measurements as of June 30, 2020:

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>June 30, 2020 Balance</u>
<b>Investments by fair value level:</b>				
Equity Securities:				
LAIF	\$ -	\$ 14,614,031	\$ -	\$ 14,614,031
Total Equity Securities	<u>-</u>	<u>14,614,031</u>	<u>-</u>	<u>14,614,031</u>
<b>Cash and cash equivalents:</b>				
Bank Deposits and Cash on Hand				8,586,879
Cash with Fiscal Agent				<u>1,868,991</u>
Total Cash and cash equivalents				<u>10,455,870</u>
Total Cash and Investments				<u>\$ 25,069,901</u>

# CITY OF LIVINGSTON

## NOTES TO FINANCIAL STATEMENTS YEAR ENDED JUNE 30, 2020

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### Note 3 – Cash and Investments (Continued)

#### Investments Authorized by the California Government Code and the City's Investment Policy

The table below identifies the investment types that are authorized for the City by the California Government Code (or the City's investment policy, where more restrictive). The table also identifies certain provisions of the California Government Code (or the City's investment policy, where more restrictive) that address interest rate risk, credit risk, and concentration of credit risk. The City's investment policy does not contain any specific provisions intended to limit the City's exposure to interest rate risk, credit risk, and concentration of credit risk. This table does not address investments of debt proceeds held by bond trustee that are governed by the provisions of debt agreements of the City, rather than the general provisions of the California Government Code or the City's investment policy.

Authorized Investment Type	Maximum Maturity	Maximum Percentage of Portfolio	Maximum Investment In One Issuer
Local Agency Bonds	5 years	None	None
U.S. Treasury Obligations	5 years	None	None
U.S. Agency Securities	5 years	None	None
Banker's Acceptances	180 days	40%	30%
Commercial Paper	270 days	25%	10%
Negotiable Certificates of Deposit	5 years	30%	None
Repurchase Agreements	1 year	None	None
Reverse Repurchase Agreements	92 days	20%	None
Medium-Term Notes	5 years	30%	None
Mutual Funds	N/A	20%	10%
Money Market Mutual Funds	N/A	20%	10%
Mortgage Pass-Through Securities	5 years	20%	None
County Pooled Investment Funds	N/A	None	None
Local Agency Investment Fund (LAIF)	N/A	None	None
JPA Pools (other investment pools)	N/A	None	None

#### Disclosures Relating to Interest Rate Risk

Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment, the greater the sensitivity of its fair value to changes in market interest rates.

Information about the sensitivity of the fair values of the City's investments to market interest rate fluctuations is provided by the following table that shows the distribution to the City's investments by maturity:



# CITY OF LIVINGSTON

## NOTES TO FINANCIAL STATEMENTS YEAR ENDED JUNE 30, 2020

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### Note 3 – Cash and Investments (Continued)

#### Disclosures Relating to Interest Rate Risk (Continued)

Investment Type	12 Months or less	13 to 24 Months	25 to 84 Months	Total
LAIF	<u>\$ 14,614,031</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 14,614,031</u>
Total Investments	<u>\$ 14,614,031</u>	<u>\$ -</u>	<u>\$ -</u>	14,614,031
Cash and cash equivalents				<u>10,455,870</u>
Total Cash and Investments				<u>\$ 25,069,901</u>

#### Disclosures Relating to Credit Risk

Credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. This is measured by the assignment of a rating by a nationally recognized statistical rating organization. Presented below is the minimum rating by Standard & Poor's required by the California Government Code or the City's investment policy, and the actual rating as of June 30, 2020 for each investment type:

	<u>Total</u>
<b>Not rated:</b>	
LAIF	\$ 14,614,031
Cash and cash equivalents	<u>10,455,870</u>
<b>Total Cash and Investments</b>	<u>\$ 25,069,901</u>

#### Concentration of Credit Risk

The investment policy of the City contains no limitations on the amount that can be invested in any one issuer beyond that stipulated by the California Government Code. The City does not have any investments in any one issuer (other than U.S. Treasury securities, mutual funds, and external investment pools) that represent 5% or more of total City investments.

# CITY OF LIVINGSTON

## NOTES TO FINANCIAL STATEMENTS YEAR ENDED JUNE 30, 2020

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### Note 3 – Cash and Investments (Continued)

#### **Custodial Credit Risk**

Custodial credit risk for deposits is the risk that, in the event of the failure of a depository financial institution, a government will not be able to recover its deposits or will not be able to recover collateral securities that are in the possession of an outside party. The California Government Code and the City's investment policy do not contain legal or policy requirements that would limit the exposure to custodial credit risk for deposits, other than the following provision for deposits: The California Government Code requires that a financial institution secure deposits made by state or local governmental units by pledging securities in an undivided collateral pool held by a depository regulated under state law (unless so waived by the governmental unit). The market value of the pledged securities in the collateral pool must equal at least 110% of the total amount deposited by the public agencies. California law also allows financial institutions to secure City deposits by pledging first trust deed mortgage notes having a value of 150% of the secured public deposits.

As of June 30, 2020, the carrying amount of the City's bank deposits was \$8,586,879 per books, and the respective bank balances totaled \$10,576,207. Of the bank balances \$250,000 is insured through the Federal Deposit Insurance Company. The remaining balance is to be collateralized by the bank.

The custodial risk for investments is the risk that, in the event of the failure of the counterparty to a transaction, a government will not be able to recover the value of its investment or collateral securities that are in the possession of another party. The California Government Code and the City's investment policy do not contain legal or policy requirements that would limit the exposure to custodial credit risk for investments. With respect to investments, custodial credit risk generally applies only to direct investments in marketable securities. Custodial credit risk does not apply to a local government's indirect investment in securities through the use of mutual funds or government investment pools (such as LAIF).

#### **Investment in State Investment Pool**

The City is a voluntary participant in the Local Agency Investment Fund (LAIF) that is regulated by the California Government Code under the oversight of the Treasurer of the State of California. The fair value of the City's investment in this pool is reported in the accompanying financial statements at amounts based upon the City's pro-rata share of the fair value provided by LAIF for the entire LAIF portfolio (in relation to the amortized cost of that portfolio). The balance available for withdrawal is based on the accounting records maintained by LAIF, which are recorded on an amortized cost basis.

# CITY OF LIVINGSTON

## NOTES TO FINANCIAL STATEMENTS YEAR ENDED JUNE 30, 2020

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### Note 4 – Notes/Long-Term Receivables

#### City of Livingston Employee Computer Purchase Program

The City of Livingston established a program for eligible employees to acquire computers and accessories with financial assistance from the City in the form of a no interest loan repaid through automatic payroll deductions. The goal of the program is to improve organizational productivity by encouraging employees to purchase and use home computers.

Only full-time regular employees who have successfully passed their probationary period as new employees, and have no garnishments for credit or tax purposes, or similar liens in place at the time of application, are eligible to participate in this program. Contract employees may participate in this program under the following conditions: their employment contract generally extends to them the same benefits as regular employees, and the repayment period does not extend beyond their contract term.

The maximum loan amount is \$3,000 per employee to be paid over a maximum of 36 months interest free. Seven employees are currently participating for a total outstanding balance as of June 30, 2020 of \$4,673 due to the City. The receivable is reflected in the General Fund.

#### CDBG Rehab Loans

The City operates a CDBG rehabilitation loan program for the renovation of low income housing. The total balance outstanding at June 30, 2020 for the 2002-2003 loans were \$196,901. These loans are reflected in the Program Income Fund.

#### First Time Home Buyers Down-Payment Assistance

The City operates a first time home buyers down-payment assistance loan program. The total outstanding balances at June 30, 2020 were \$1,143,234 and are reflected in the Program Income Fund.

### Note 5 – Advance To and From Funds

Advances represent long-term borrowing between funds. These amounts are not expected to be repaid within the next fiscal year.

Advance from and to other funds as of June 30, 2020 are as follows:

	<u>Advance To</u>	<u>Advance From</u>
Major Funds:		
Water Fund	\$ 1,269,129	\$ -
Industrial Waste Water Fund	-	1,269,129
	<u>\$ 1,269,129</u>	<u>\$ 1,269,129</u>

# CITY OF LIVINGSTON

## NOTES TO FINANCIAL STATEMENTS YEAR ENDED JUNE 30, 2020

### Note 6 – Capital Assets

Capital asset activities for the year ended June 30, 2020 were as follows:

	<b>Balance</b> <b>July 1, 2019</b>	<b>Additions</b>	<b>Retirements</b>	<b>Balance</b> <b>June 30, 2020</b>
<b><u>Governmental Activities</u></b>				
Capital assets, not being depreciated				
Land	\$ 3,485,866	\$ -	\$ -	\$ 3,485,866
Construction in progress	-	<u>1,464,162</u>	-	<u>1,464,162</u>
Total capital assets, not being depreciated	<u>3,485,866</u>	<u>1,464,162</u>	-	<u>4,950,028</u>
Capital assets, being depreciated				
Buildings and improvements	9,614,048	91,613	-	9,705,661
Infrastructure	5,406,972	-	-	5,406,972
Machinery and equipment	<u>5,078,481</u>	<u>185,733</u>	<u>(685,968)</u>	<u>4,578,246</u>
Total capital assets, being depreciated	<u>20,099,501</u>	<u>277,346</u>	<u>(685,968)</u>	<u>19,690,879</u>
Less accumulated depreciation for:				
Buildings and improvements	(4,251,396)	(204,906)	-	(4,456,302)
Infrastructure	(1,119,937)	(109,072)	-	(1,229,009)
Machinery and equipment	<u>(4,171,897)</u>	<u>(196,246)</u>	<u>685,968</u>	<u>(3,682,175)</u>
Total accumulated depreciation	<u>(9,543,230)</u>	<u>(510,224)</u>	<u>685,968</u>	<u>(9,367,486)</u>
Total capital assets, being depreciated, net	<u>10,556,271</u>	<u>(232,878)</u>	-	<u>10,323,393</u>
Governmental activities capital assets, net	<u>\$ 14,042,137</u>	<u>\$ 1,231,284</u>	<u>\$ -</u>	<u>\$ 15,273,421</u>
<b><u>Business-Type Activities</u></b>				
Capital assets, not being depreciated				
Land	\$2,985,629	\$ -	\$ -	\$ 2,985,629
Construction in progress	474,178	<u>2,557,094</u>	-	<u>3,031,272</u>
Total capital assets, not being depreciated	<u>3,459,807</u>	<u>2,557,094</u>	-	<u>6,016,901</u>
Capital assets, being depreciated				
Buildings	25,000	-	-	25,000
Improvements other than buildings	31,234,066	5,412	-	31,239,478
Machinery and equipment	<u>1,508,172</u>	<u>128,168</u>	-	<u>1,636,340</u>
Total capital assets, being depreciated	<u>32,767,238</u>	<u>133,580</u>	-	<u>32,900,818</u>
Less: accumulated depreciation	<u>(11,398,608)</u>	<u>(838,969)</u>	-	<u>(12,237,577)</u>
Total capital assets, being depreciated, net	<u>21,368,630</u>	<u>(705,389)</u>	-	<u>20,663,241</u>
Business-type activities capital assets, net	<u>\$ 24,828,437</u>	<u>\$ 1,851,705</u>	<u>\$ -</u>	<u>\$ 26,680,142</u>

# CITY OF LIVINGSTON

## NOTES TO FINANCIAL STATEMENTS YEAR ENDED JUNE 30, 2020

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### Note 6 – Capital Assets (Continued)

Depreciation expense was charged to the following functions in the Statement of Activities:

**Governmental Functions:**

General Government	\$	59,506
Public Safety		109,813
Public Works		197,367
Parks and Community Services		143,538
	\$	<u>510,224</u>

**Business-Type Functions:**

Water	\$	437,481
Sanitation		1,613
Domestic Sewer		399,275
Industrial Sewer		600
	\$	<u>838,969</u>

# CITY OF LIVINGSTON

## NOTES TO FINANCIAL STATEMENTS YEAR ENDED JUNE 30, 2020

### Note 7 – Long-Term Debt

The City generally incurs long-term debt to finance projects or purchase assets which will have useful lives equal to or greater than the related debt.

In governmental fund types, debt discounts, premiums, and issuance costs are recognized in the current period. Debt discounts and premiums incurred in proprietary funds are deferred and amortized over the term of the debt using the bonds-outstanding method, which approximates the effective interest method. The City’s debt transactions are summarized below and discussed in detail thereafter:

	<u>Balance</u> <u>July 1, 2019</u>	<u>Additions</u>	<u>Retirements</u>	<u>Balance</u> <u>June 30, 2020</u>	<u>Current</u> <u>Portion</u>
<b><u>Governmental Activities:</u></b>					
U.S. Bancorp Lease	\$ -	\$ 2,323,000	\$ -	\$ 2,323,000	\$ 127,049
Total Lease Payable	-	2,323,000	-	2,323,000	127,049
Net OPEB liability	1,924,805	-	(104,519)	1,820,286	-
Net pension liability	4,787,874	453,175	-	5,241,049	-
Compensated absences	440,215	93,076	-	533,291	-
Total Governmental Activities	<u>\$ 7,152,894</u>	<u>\$ 2,869,251</u>	<u>\$ (104,519)</u>	<u>\$ 9,917,626</u>	<u>\$ 127,049</u>
<b><u>Business-Type Activities:</u></b>					
SWRCB Water Loan	\$ 1,168,479	\$ -	\$ (60,322)	\$ 1,108,157	\$ 61,292
2016A Sewer Refunding	7,140,000	-	(190,000)	6,950,000	195,000
SWRCB Water Loan 2020	-	144,142	-	144,142	-
U.S. Bancorp Lease	-	574,000	-	574,000	31,762
Total Notes, Bonds, and Lease Payable	8,308,479	718,142	(250,322)	8,776,299	288,054
Unamortized bond premiums and deferred charges	159,187	-	(6,822)	152,365	6,822
Total Notes and Bonds Payable, Net	<u>8,467,666</u>	<u>718,142</u>	<u>(257,144)</u>	<u>8,928,664</u>	<u>294,876</u>
Net OPEB liability	604,505	-	(32,825)	571,680	-
Net pension liability	889,786	79,615	-	969,401	-
Compensated absences	110,248	19,137	-	129,385	-
Total Business-Type Activities	<u>\$ 1,604,539</u>	<u>\$ 98,752</u>	<u>\$ (32,825)</u>	<u>\$ 1,670,466</u>	<u>\$ -</u>

Long-term debt payable at June 30, 2020 was comprised of the following individual issues:

**U.S. Bancorp Lease** – In December 2019, The City entered into a capital lease arrangement to finance energy conservation improvements on certain City properties. The lease obligation is accounted for as a capital lease where the related improvements to be acquired will become property of the City when all terms of the lease agreement are met. The stated interest under terms of the agreement is 2.735%. Present value of the remaining payments as of June 30, 2020 is \$2,897,000, the City has allocated Capital Lease proceeds of \$2,323,000 to the Capital Projects Fund and \$574,000 to the Water Fund, future payments are expected to be made based on this allocation. Annual debt service payments of \$238,044 under the agreement start on December 6, 2020 and end on December 6, 2034. As of June 30, 2020, the City had accumulated total capital expenditures of \$823,088 in Construction In Progress in the Capital Projects Fund.

# CITY OF LIVINGSTON

## NOTES TO FINANCIAL STATEMENTS YEAR ENDED JUNE 30, 2020

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### Note 7 – Long-Term Debt (Continued)

**SWRCB Water Loan** – In December 2016, the City entered into an agreement for \$1,353,245 with the State Water Resource Control Board to fund major improvements to Well #17. Principal and interest of \$39,389 are paid semi-annually on January 1 and July 1 through 2036. The interest rate is 1.6%.

**2016A Sewer Revenue Refunding Bonds** – In October 2016, the City issued Series 2016A Sewer Revenue Refunding Bonds for the principal amount of \$7,715,000. The issuance was to refund the outstanding principal balance of the Refunding Revenue Bonds described above. In addition, the proceeds of the sale of the bond were used to pay the costs of issuance. The reacquisition price exceeded the net carrying amount of the old debt by \$57,298. The City refunded the above debts to reduce its total debt service over 26 years by \$1,858,942 and to obtain an economic gain (difference between the present values of debt service payments on the old and new debt) of \$832,214. The bonds bear interest ranging from 2.0% to 4.0% and are payable semi-annually commencing March 2017 through March 2043. Debt service is secured by a pledge of net revenues of the City's Sewer System. The City covenants that it shall prescribe, revise and collect such charges for the services and facilities of the sewer system which shall produce revenues sufficient in each fiscal year to provide gross revenues which are sufficient to pay all sewer operation and maintenance costs and all bond installment payments and produce net sewer revenues equal to at least 1.25 times debt service coming due and payable during such fiscal year. The City is in compliance with those covenants as of June 30, 2020. Cash basis debt service paid during the fiscal year ended June 30, 2020 totaled \$451,250. Total sewer system net revenues calculated in accordance with the covenants were \$714,974 at June 30, 2020.

**SWRCB Water Loan 2020** – In September 2018, The City entered into a construction installment sale arrangement, a loan in substance, with the State Water Resource Conservation Board to finance certain City water well improvements. The stated interest under terms of the arrangement is 1.8% annually. Annual debt service payments range from \$801 to \$38,955 under the arrangement and start on July 1, 2020 and end on July 1, 2051. As of June 30, 2020, the City had drawn a total \$144,142 of the total loaned amount, the remaining loaned balance is expected to be drawn in October 2020. As part of the arrangement the loan is secured by a lien on and pledge of the Enterprise Fund, Net Revenues, and the Reserve Fund in priority as specified in the agreement. The City covenants that it shall prescribe, revise and collect such charges for the services and facilities of the water system which shall produce revenues sufficient in each fiscal year to provide gross revenues which are sufficient to pay all water operation and maintenance costs and all loan installment payments and produce net water revenues equal to at least 1.10 times debt service coming due and payable during such fiscal year. The City did not have any required debt service payments in the fiscal year ended June 30, 2020.

**U.S. Bancorp Lease** – In December 2019, The City entered into a capital lease arrangement to finance energy conservation improvements on certain City properties. The lease obligation is accounted for as a capital lease where the related improvements to be acquired will become property of the City when all terms of the lease agreement are met. The stated interest under terms of the agreement is 2.735%. Present value of the remaining payments as of June 30, 2020 is \$2,897,000, the City has allocated Capital Lease proceeds of \$2,323,000 to the Capital Projects Fund and \$574,000 to the Water Fund, future payments are expected to be made based on this allocation. Annual debt service payments of \$238,044 under the agreement start on December 6, 2020 and end on December 6, 2034. As of June 30, 2020, the City had accumulated total capital expenditures of \$205,772 in Construction In Progress in the Water Capital Fund.

**CITY OF LIVINGSTON**

**NOTES TO FINANCIAL STATEMENTS  
YEAR ENDED JUNE 30, 2020**

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**Note 7 – Long-Term Debt (Continued)**

The annual requirement to amortize the principal and interest on all long-term debt at June 30, 2020 were as follows:

Years ending June 30,	<u>Governmental Activities</u>		<u>Business-Type Activities</u>	
	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>
2021	\$ 127,351	\$ 63,386	\$ 415,103	\$ 353,916
2022	130,834	59,912	463,089	341,307
2023	134,412	56,342	517,230	326,848
2024	138,088	52,674	486,642	310,559
2025	141,865	48,907	472,237	295,754
2026-2030	769,692	184,309	2,597,547	1,241,734
2031-2035	880,759	73,400	3,034,607	797,535
2036-2040	-	-	1,922,843	393,440
2041-2045	-	-	1,190,001	78,637
	<u>\$ 2,323,000</u>	<u>\$ 538,930</u>	<u>\$11,099,299</u>	<u>\$ 4,139,730</u>
Unamortized premiums and deferred charges			<u>152,365</u>	
Net long-term debt			<u>\$11,251,664</u>	

**Note 8 – Deficit Fund Balances**

**Fund Balance and Retained Earnings Deficits** - The following is a summary of deficit fund balances and retained earnings as of June 30, 2020:

Enterprise Funds	
Industrial Waste Water	<u>\$ (1,071,024)</u>

The deficit fund balance in the Industrial Waste Water-Enterprise Fund is due to the settlement of various receivables and capital costs with Foster Farms. The deficit is expected to be negated by future revenues or future transfers from the General Fund.



# CITY OF LIVINGSTON

## NOTES TO FINANCIAL STATEMENTS YEAR ENDED JUNE 30, 2020

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### Note 9 – Interfund Transfers

In general, the City uses interfund transfers to (1) move revenues from the funds that collect them to the funds' that statute or budget requires to expend them, (2) use unrestricted revenues collected in the General Fund to help finance various programs and capital projects accounted for in other funds in accordance with budgetary authorization, and (3) move cash to debt service funds from the funds responsible for payment as debt service payments become due. In general, the effect of the interfund activity has been eliminated from the government-wide financial statements.

	<u>Transfers In</u>	<u>Transfers Out</u>
<b>Major Governmental Funds:</b>		
General Fund	\$ 454,809	\$ (537,003)
Maintenance District	24,857	-
<b>Major Enterprise Funds:</b>		
Domestic Wastewater Fund	17,500	-
<b>Nonmajor Governmental Funds:</b>		
Gas Tax Fund	48,340	-
RSTP	-	(49,061)
Capital Projects Fund	40,558	-
	<u>\$ 586,064</u>	<u>\$ (586,064)</u>

### Note 10 – Deferred Outflows and Deferred Inflows of Resources

In addition to assets, the statement of net position will sometimes report a separate section for deferred outflows of resources. This separate financial element, deferred outflows of resources, represents a consumption of net position or fund balance that applies to future period(s) and thus, will not be recognized as an outflow of resources (expense/expenditure) until then. The City has two items to report in this category:

- The City has \$1,745,821 in pension related items that qualify to be reported in deferred outflows of resources. The pension related deferred outflows of resources are described in Note 11.
- The City has \$298,039 in other post-employment benefits related items that qualify to be reported in deferred outflows of resources. The pension related deferred outflows of resources are described in Note 12.

# CITY OF LIVINGSTON

## NOTES TO FINANCIAL STATEMENTS YEAR ENDED JUNE 30, 2020

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### Note 10 – Deferred Outflows and Deferred Inflows of Resources (continued)

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represent an acquisition of net position or fund balance that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The City has two items to report in this category:

- The City has \$469,306 in pension related items that qualify to be reported in deferred inflows of resources. The pension related deferred inflows of resources are described in Note 11.
- The City has \$27,229 in post-employment benefits related items that qualify to be reported in deferred inflows of resources. The pension related deferred inflows of resources are described in Note 11.
- Unavailable revenues arise only under a modified accrual basis of accounting and is reported only in the governmental funds balance sheet. The City has \$1,340,135 in notes and loans receivable reported as deferred inflows of resources reported for unavailable revenues in the Program Income Fund. See Note 4 for details.

# CITY OF LIVINGSTON

## NOTES TO FINANCIAL STATEMENTS YEAR ENDED JUNE 30, 2020

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### Note 11 – Post-Employment Health Care Benefits

#### Plan Description

For all employees employed by the City as of July 1, 1989 who retire from the City's employment under the California Public Employee's Retirement System (CalPERS) currently in effect other than disability retirement, the City will continue to pay the premiums for health and dental care coverage in an amount equal to the amount paid if the employee was still employed by the City.

In disability cases, dependent medical and dental coverage will continue until death of the retired employee or until dependents no longer are qualified as dependents under the current medical and dental plan.

Employees hired after July 1, 1989 (clerical and public works bargaining units only), shall enjoy City paid post-retirement health benefits as follows (a) employee must have been continuously employed by the City for twenty years (disruptions in service due to lay-offs are exempted), (b) post-retirement health insurance for employee only shall be limited to the actual cost of insurance, not to exceed \$300 per month, (c) disability retirement will be as if employee met the twenty year employment requirement described above and (d) at age sixty-five, Medicare shall become the retired employee's primary insurance.

#### Employees Covered

Membership in the plan consisted of the following at June 30, 2018, the date of the latest actuarial valuation:

Summary of Plan Member Count	
Number of active plan members	49
Number of inactive plan members currently receiving benefits	10
Number of inactive plan members entitled but not receiving benefits	0

#### Contributions

The contribution requirements of plan members and the City are established and may be amended by the City. The City determines the required contributions using the Entry Age Normal Cost Method. The required contribution is based on projected pay-as-you-go financing requirements.

#### Long Term Expected Rate of Return

The expected long-term return on trust assets was derived from published information by CalPERS. CalPERS expectations are summarized in the chart below:

CERBT Strategy 1		Years 1-10	Years 11+
Asset Classification	Target Allocation	Expected Real Rate of Return*	Expected Real Rate of Return*
Global Equity	59%	4.80%	5.98%
Fixed Income	25%	1.10%	2.62%
Global Real Estate (REITs)	8%	3.20%	5.00%
Treasury Inflation Protected Securities	5%	0.25%	1.46%
Commodities	<u>3%</u>	1.50%	2.87%
Total		<u>100%</u>	

\* Real rates of return come from a geometric representation of returns that assume a general inflation rate of 2.00%

**CITY OF LIVINGSTON**

**NOTES TO FINANCIAL STATEMENTS  
YEAR ENDED JUNE 30, 2020**

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**Note 11 – Post-Employment Health Care Benefits (continued)**

Currently, CalPERS’ expected returns are split for years 1-10 and years 11 and thereafter. To derive the expected return for the City of Livingston, plan benefits were projected in each future year. Then applying the plan specific benefit payments to CalPERSs bifurcated return expectations, the single equivalent long term rate of return was determined to be 6.5%. This rate was used as the discount rate for liabilities for financial statement reporting.

**Actuarial Assumptions**

The City’s net OPEB liability was measured as of June 30, 2019, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation date as of June 30, 2018.

Valuation Date	June 30, 2018
Measurement Date	June 30, 2019
Funding Method	Entry Age Normal Cost, level of percent of pay
Asset Valuation Method	Market value of assets
Long-term Return on Assets	6.5% as of June 30, 2018 and June 30, 2017
Discount Rates	6.5% as of June 30, 2018 and June 30, 2017
Participant Valued	Only current active employees and retired participants and covered dependents are valued. No future entrants are considered in this valuation
Salary Increase	3.25% per year; since benefits do not depend on salary, this is used only to allocate the cost of benefits between service years
Assumed Wage Inflation	3.0% per year; used to determine amortization payments if developed on a level percent of pay basis
General Inflation Rate	2.75% per year
Mortality Improvement	MacLeod Watts Scale 2017 applied generationally
Healthcare Trend	Medical plan premiums and claims costs by age are assumed to increase once each year. Increases over the prior year's levels are assumed to be effective on the dates shown below:

Effective Jan 1,	Premium Increase
2019	Actual
2020	7.00%
2021	6.50%
2022	6.00%
2023	5.50%
2024 & later	5.00%

Dental premiums are assumed to increase by 4.5% annually

**CITY OF LIVINGSTON**

**NOTES TO FINANCIAL STATEMENTS  
YEAR ENDED JUNE 30, 2020**

**Note 11 – Post-Employment Health Care Benefits (continued)**

**Discount Rate**

The rate of return is based on a yield or index rate for 20-year, tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher.

**Changes in the Net OPEB Liability**

	Increase (Decrease)		
	Total OPEB Liability (a)	Plan Fiduciary Net Position (b)	Net OPEB Liability (a) - (b)
<b>Balance at 06/30/19</b>	\$ 2,639,090	\$ 109,780	\$ 2,529,310
<b>Changes for the year:</b>			
Service cost	16,743	-	16,743
Interest	166,007	-	166,007
Contributions - employer	-	302,272	(302,272)
Net investment income	-	17,858	(17,858)
Benefit payments	(203,753)	(203,753)	-
Administrative expenses	-	(36)	36
<b>Net changes</b>	<u>(21,003)</u>	<u>116,341</u>	<u>(137,344)</u>
<b>Balance at 06/30/20</b>	<u>\$ 2,618,087</u>	<u>\$ 226,121</u>	<u>\$ 2,391,966</u>

The only assumption change reflected during this period is the change in the discount rates as required by GASB 75.

**Sensitivity of the City’s Net OPEB Liability to Changes in the Discount Rate**

The following presents the net OPEB liability of the City, as well as what the net OPEB liability would be if it were calculated using a discount rate that is 1 percentage-point lower or 1 percentage-point higher than the current rate:

	1% Decrease (5.50%)	Discount Rate (6.50%)	1% Increase (7.50%)
Net OPEB liability	\$ 2,623,643	\$ 2,391,966	\$ 2,189,444

**Sensitivity of the City’s Net OPEB Liability to Changes in the Healthcare Cost Trend Rates**

The following presents the net OPEB liability of the City, as well as what the net OPEB liability would be if it were calculated using a healthcare cost trend rate that is 1 percentage-point lower or 1 percentage-point higher than the current rate:

	Current Trend -1%	Current Trend	Current Trend +1%
Net OPEB liability	\$ 2,148,733	\$ 2,391,966	\$ 2,689,320

Healthcare cost trend rate was assumed to start at 8.0% (effective January 1, 2009) and grade down to 5% for years 2025 and thereafter.

**CITY OF LIVINGSTON**

**NOTES TO BASIC FINANCIAL STATEMENTS  
YEAR ENDED JUNE 30, 2020**

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**Note 11 – Post-Employment Health Care Benefits (continued)**

**OPEB Expense and Deferred Outflows/Inflows Related to OPEB**

For the year ended June 30, 2020, the City recognized OPEB expense of \$123,606. At June 30, 2020, the City reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Changes in assumptions	\$ -	\$ 23,511
Differences between expected and actual experience	76,019	-
Net difference between projected and actual earnings	-	3,718
Deferred contributions	222,020	-
	<u>\$ 298,039</u>	<u>\$ 27,229</u>

The City will recognize the deferred contributions in the next fiscal year. In addition, future recognition of these deferred resources is shown below:

Year Ended June 30:	
2021	\$ 5,162
2022	5,162
2023	5,164
2024	4,394
2025	5,900
Thereafter	<u>23,008</u>
Total	<u>\$ 48,790</u>

**Note 12 – Pension Plan**

**Plan Description** - The City contributes to the California Public Employees' Retirement System (PERS), an agent multiple-employer public employee defined benefit pension plan. PERS provides retirement and disability benefits, annual cost-of-living adjustments and death benefits to plan members and beneficiaries. PERS acts as a common investment and administrative agent for participating public entities within the State of California. Benefit provisions and all other requirements are established by state statute and city ordinance. Copies of PERS' annual financial report may be obtained from their Executive Office - 400 P Street - Sacramento, CA 95814.

All full-time employees are eligible to participate in the Plan. Part-time employees appointed to a term of one year or longer and who work an average of 20 hours per week are also eligible to participate. Other part-time non-benefited hourly employees do not participate in the Plan. Related benefits vest after five years of service. Upon five years of service, employees who retire at or after age 55 are entitled to receive an annual retirement benefit.

# CITY OF LIVINGSTON

## NOTES TO FINANCIAL STATEMENTS YEAR ENDED JUNE 30, 2020

### Note 12 – Pension Plan (Continued)

**Funding Policy** – Management, clerical, and public works plan members in the Classic Miscellaneous Plan are required to contribute 6% of their covered salary, which is covered by the City. On behalf of Livingston Police Officers Association and Supervisory Unit Classic Safety and Miscellaneous plan members, the City contributes 2% of the 6%. PEPRA employees contribute their portion. The City is required to contribute the actuarially determined remaining amounts necessary to fund the benefits for its members. The actuarial methods and assumptions used are those adopted by the CalPERS Board of Administration. The contribution requirements of plan members is established by State statute and the employer contribution is established and may be amended by PERS.

The Plans’ provisions and benefits in effect at June 30, 2020, are summarized as follows:

	<u>Miscellaneous</u>	<u>Safety</u>
	Prior to	Prior to
	<u>January 1, 2013</u>	<u>January 1, 2013</u>
Hire Date		
Benefit Formula	2.0% at 55; maximum 2%	2.0% at 55; maximum 2%
	COLA	COLA
Benefit Vesting Schedule	5 years service	5 years service
Benefit Payments	monthly for life	monthly for life
Retirement Age	55	55
Monthly Benefits, as a % of Eligible Compensation	2.00%	2.00%
Required Employee Contribution Rates	7.00%	7.00%
Required Employer Contribution Rates	10.221%	14.382%
	 PEPRA	
	<u>Miscellaneous</u>	<u>PEPRA Safety</u>
	On or After	On or After
	<u>January 1, 2013</u>	<u>January 1, 2013</u>
Hire Date		
Benefit Formula	2.0% at 62; maximum 2%	2.0% at 57; maximum 2%
	COLA	COLA
Benefit Vesting Schedule	5 years service	5 years service
Benefit Payments	monthly for life	monthly for life
Retirement Age	62	57
Monthly Benefits, as a % of Eligible Compensation	2.00%	2.00%
Required Employee Contribution Rates	6.25%	9.50%
Required Employer Contribution Rates	6.985%	10.216%

# CITY OF LIVINGSTON

## NOTES TO FINANCIAL STATEMENTS YEAR ENDED JUNE 30, 2020

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### Note 12 – Pension Plan (Continued)

**Contributions** – Section 20814(c) of the California Public Employees’ Retirement Law requires that the employer contribution rates for all public employers be determined on an annual basis by the actuary and shall be effective on July 1 following notice of a change in the rate. Funding contributions for both Plans are determined annually on an actuarial basis as of June 30 by CalPERS. The actuarially determined rate is the estimated amount necessary to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. The City is required to contribute the difference between the actuarially determined rate and the contribution rate of employees.

For the year ended June 30, 2020, the contributions recognized as part of the pension expense is as follows:

Contributions – employer	\$ 852,795
Contributions – employee	\$ 361,594

### **Pension Liabilities, Pension Expenses, and Deferred Outflows/Inflows of Resources Related to Pensions**

As of June 30, 2020, the City reported net pension liabilities for its proportionate shares of the net pension liability of each Plan as follows:

	<u>Proportionate Share of Net Pension Liability</u>
Miscellaneous	\$4,056,159
Safety	\$2,154,291

The City’s net pension liability for each Plan is measured as the proportionate share of the net pension liability. The net pension liability of each of the Plans is measured as of June 30, 2019, and the total pension liability for each Plan used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2018 rolled forward to June 30, 2019 using standard update procedures. The City’s proportion of the net pension liability was based on a projection of the City’s long-term share of contributions to the pension plans relative to the projected contributions of all participating employers, actuarially determined. The City’s proportionate share of the net pension liability for each Plan as of June 30, 2019 and 2020 was as follows:

	<u>Miscellaneous</u>	<u>Safety</u>
Proportion – June 30, 2019	0.09879%	0.03331%
Proportion – June 30, 2020	0.10129%	0.03451%
Change – Increase/(Decrease)	0.00250%	0.00120%

For the year ended June 30, 2020, the City recognized pension expense of \$1,298,937. At June 30, 2020, the City reported deferred outflows of resources and deferred inflows of resources related to pension from the following sources:



# CITY OF LIVINGSTON

## NOTES TO FINANCIAL STATEMENTS YEAR ENDED JUNE 30, 2020

### Note 12 – Pension Plan (Continued)

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Pension contributions subsequent to measurement date	\$ 852,795	\$ -
Change in employer's proportion	188,935	3,202
Difference between projected and actual contributions	-	257,917
Difference between expected and actual experience	422,374	21,840
Net differences between projected and actual earnings	-	100,550
Changes in assumptions	<u>281,717</u>	<u>85,797</u>
Total	<u>\$ 1,745,821</u>	<u>\$ 469,306</u>

The \$852,795 reported as deferred outflows of resources related to contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2020. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized as pension expense as follows:

Year Ended June 30	
2021	\$ 407,919
2022	(56,906)
2023	52,624
2024	<u>20,096</u>
Total	<u>\$ 423,733</u>

**Actuarial Methods and Assumptions** – The collective total pension liability for the June 30, 2019 measurement period was determined by an actuarial valuation as of June 30, 2018, with update procedures used to roll forward the total pension liability to June 30, 2019. The collective total pension liability was based on the following assumptions:

# CITY OF LIVINGSTON

## NOTES TO FINANCIAL STATEMENTS YEAR ENDED JUNE 30, 2020

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### Note 12 – Pension Plan (Continued)

Valuation Date	June 30, 2018
Measurement Date	June 30, 2019
Actuarial Cost Method	Entry-Age Normal Cost Method in accordance with the requirements of GASB Statement No. 68
Actuarial Assumptions:	
Discount Rate	7.15%
Inflation	2.50%
Payroll Growth	2.75%
Salary Increases	Varies by Entry Age and Service
Mortality Rate Table	Derived using CalPERS' Membership <sup>1</sup> Date for all Funds
Post Retirement Benefit Increase	Contract COLA up to 2.75% until Purchasing Power Protection Allowance Floor on Purchasing Power applies

<sup>1</sup> The mortality table used was developed based on CalPERS-specific data. The table includes 15 years of mortality improvements using Society of Actuaries Scale 90% of scale MP 2016. For more details on this table, please refer to the December 2017 experience study report (based on CalPERS demographic data from 1997 to 2015) that can be found on the CalPERS website.

All other actuarial assumptions used in the June 30, 2018 valuation was based on the results of an December 2017 experience study report (based on CalPERS demographic data from 1997 to 2015), including updates to salary increase, mortality and retirement rates. The Experience Study can be obtained at CalPERS' website.

# CITY OF LIVINGSTON

## NOTES TO FINANCIAL STATEMENTS YEAR ENDED JUNE 30, 2020

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### Note 12 – Pension Plan (Continued)

**Change of assumptions** – None.

**Discount rate** – The discount rate used to measure the total pension liability for PERF C was 7.15%. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current member contribution rates and that contributions from employers will be made at statutorily required rates, actuarially determined. Based on those assumptions, the Plan’s fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on plan investments was applied to all periods of projected benefit payments to determine the total pension liability. The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected rate of returns, net of pension plan investment expense and inflation) are developed for each major asset class.

In determining the long-term expected rate of return, CalPERS took into account both short-term and long-term market return expectations as well as the expected pension fund cash flows. Using historical returns of all the funds’ asset classes, expected compound (geometric) returns were calculated over the short-term (first 10 years) and the long-term (11+ years) using a building-block approach. Using the expected nominal returns for both short-term and long-term, the present value of benefits was calculated for each fund. The expected rate of return was set by calculating the rounded single equivalent expected return that arrived at the same present value of benefits for cash flows as the one calculated using both short-term and long-term returns. The expected rate of return was then set equivalent to the single equivalent rate calculated above and adjusted to account for assumed administrative expenses.

The long-term expected real rates of return by asset class can be found in CalPERS’ Comprehensive Annual Financial Report for the fiscal year ended June 30, 2019.

# CITY OF LIVINGSTON

## NOTES TO FINANCIAL STATEMENTS YEAR ENDED JUNE 30, 2020

### Note 12 – Pension Plan (Continued)

The table below reflects long-term expected real rates of return by asset class. The rate of return was calculated using the capital market assumptions applied to determine the discount rate and asset allocation. The geometric rates of return are net of administrative expenses.

Asset Class <sup>1</sup>	New Strategic Allocation	Real Return Years 1-10 <sup>2</sup>	Real Return Years 11+ <sup>3</sup>
Global Equity	50%	4.80%	5.98%
Fixed Income	28%	1.00%	2.62%
Inflation Assets	0%	0.77%	1.81%
Private Equity	8%	6.30%	7.23%
Real Estate	13%	3.75%	4.93%
Liquidity	1%	0.00%	-0.92%
<b>Total</b>	<b>100%</b>		

<sup>1</sup> In the System’s CAFR, Fixed Income is included in Global Debt Securities; Liquidity is included in Short-term Investments; Inflation Assets are included in both Global Equity Securities and Global Debt Securities

<sup>2</sup> An expected inflation of 2.0% used for this period

<sup>3</sup> An expected inflation of 2.92% used for this period

### Sensitivity of the Proportionate Share of the Net Pension Liability to Changes in the Discount Rate

The following presents the City’s proportionate share of the net pension liability for each Plan, calculating using the discount rate of each Plan, as well as what the City’s proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage point lower (6.15%) or 1-percentage point higher (8.15%) than the current rate:

	1% Decrease (6.15%)	Current Discount Rate (7.15%)	1% Increase (8.15%)
Miscellaneous	\$ 6,318,825	\$ 4,056,159	\$ 2,188,489
Safety	\$ 3,476,279	\$ 2,154,291	\$ 1,070,468

**Pension Plan Fiduciary Net Position** – Detailed information about each pension plan’s fiduciary net position is available in the separately issued CalPERS financial reports.

### Payable to the Pension Plan

At June 30, 2020, the City has no outstanding amount of contributions to the pension plan required for the year ended June 30, 2020.

# CITY OF LIVINGSTON

## NOTES TO FINANCIAL STATEMENTS YEAR ENDED JUNE 30, 2020

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### Note 13 – Risk Management

The City participates with other public entities in a joint venture under a joint powers agreement which establishes the Central San Joaquin Valley Risk Management Authority (CSJVRMA). The relationship between the City and CSJVRMA is such that CSJVRMA is not a component unit of the City for financial reporting purposes.

The CSJVRMA is a consortium of cities in the San Joaquin Valley, California. It was established under the provisions of California Government Code Section 6500, et. seq. The CSJVRMA is governed by a Board of Directors, which meets three to four times each year, consisting of one member appointed by each member city. The day-to-day business is handled by a management group employed by the CSJVRMA. The financial statements of CSJVRMA can be obtained at 1750 Creekside Oaks Drive, Suite 200, Sacramento, CA 95833.

Each member government pays a primary deposit to cover estimated losses for a fiscal year (claims year). Six months after the close of a fiscal year, outstanding claims are valued. A retrospective deposit computation is then made for each open claims year. Costs are spread to members as follows: the first \$25,000 of each occurrence is charged directly to the member. Each member maintains a \$1,000,000 self-insured retention (SIR) amount covered by the Authority pooled investments. The Authority purchases excess liability coverage through the California Affiliated Risk Management Authority for the amount in excess of \$1,000,000. Reinsurance coverage is purchased by the Authority through American Reinsurance for the amount in excess of \$1,000,000 up to \$9,000,000 at 25% quota share. The City purchases Workers Compensation insurance through the Authority. The City maintains a \$350,000 SIR with the Authority. Excess coverage is purchased by the Authority through Continental Casualty for up to \$5,000,000 per accident in excess of the SIR. The City also purchases various property coverage programs. Deductibles and limits per property type can be obtained from the City Manager or directly from the Authority.

The latest audited financial information and the most current information available for CSJVRMA for fiscal year ended June 30, 2019 is as follows:

Total assets	\$ 128,442,162
Total liabilities	109,661,346
Net position	<u>\$ 18,780,816</u>
Total revenues	\$ 53,005,963
Total expenses	<u>52,250,549</u>
Increase/(decrease) in net position	<u>\$ 755,414</u>

# CITY OF LIVINGSTON

## NOTES TO FINANCIAL STATEMENTS YEAR ENDED JUNE 30, 2020

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### Note 14 - Contingent Liabilities

The City participates in a number of Federal and State assisted grant programs which are subject to financial and compliance audits. Audits for these programs and the respective findings are to be determined at a future date, and the City expects the amount, if any, of the expenditures which may be disallowed by the granting agency to be immaterial.

The City is a defendant in various lawsuits and claims. The City attorney anticipates that actual or potential claims against the City, not covered by insurance, would not materially affect the financial position of the City.

### Note 15 – Stewardship, Compliance and Accountability

**Excess of expenditures over appropriations** – The following funds incurred expenditures in excess of appropriations in the following amounts for the year ended June 30, 2020:

General Fund:

Current

General government	\$ (30,767)
Parks and community services	\$ (10,914)
Planning and community development	\$ (53,649)
Transfer in/(out)	\$ ( 9,927)

Maintenance Districts Fund

Capital outlay	\$ ( 3,100)
Transfer in/(out)	\$ ( 7,573)

The excess expenditures were covered by excess revenues during the fiscal year.

### Note 16 – Subsequent Events

The City evaluated subsequent events for recognition and disclosure through March 31, 2021, the date which these financial statements were available to be issued. Management concluded that no material subsequent events have occurred since June 30, 2020 that required recognition or disclosure in such financial statements.

**REQUIRED SUPPLEMENTARY INFORMATION**

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**CITY OF LIVINGSTON**

**BUDGETARY COMPARISON SCHEDULE**

**GENERAL FUND**

**YEAR ENDED JUNE 30, 2020**

	<b>Budgeted Amounts</b>		<b>Actual Amounts</b>	<b>Variance with Final Budget</b>
	<b>Original</b>	<b>Final</b>		<b>Positive/ (Negative)</b>
<b>Revenue</b>				
Taxes	\$ 5,378,220	\$ 5,378,220	\$ 5,317,133	\$ (61,087)
Licenses and permits	452,259	452,259	441,118	(11,141)
Intergovernmental	511,321	522,986	652,846	129,860
Charges for services	454,180	454,180	258,635	(195,545)
Fines and forfeitures	46,000	46,000	63,706	17,706
Investment income	65,250	65,250	69,870	4,620
Other	80,097	80,097	173,355	93,258
Total revenue	<u>6,987,326</u>	<u>6,998,992</u>	<u>6,976,663</u>	<u>(22,329)</u>
<b>Expenditures</b>				
Current				
General government	777,324	1,083,258	1,114,025	(30,767)
Parks and community services	848,364	823,759	834,673	(10,914)
Public safety	3,606,868	4,166,466	4,089,893	76,573
Public works	392,977	408,211	362,401	45,810
Planning and community development	644,654	630,102	683,751	(53,649)
Capital outlay	41,508	56,308	28,544	27,764
Total expenditures	<u>6,311,695</u>	<u>7,168,104</u>	<u>7,113,287</u>	<u>54,817</u>
Revenue over (under) expenditures	675,631	(169,112)	(136,624)	32,488
<b>Other Financing Sources/(Uses)</b>				
Transfer in/(out)	<u>(48,758)</u>	<u>(72,267)</u>	<u>(82,194)</u>	<u>(9,927)</u>
Total other financing sources/(uses)	<u>(48,758)</u>	<u>(72,267)</u>	<u>(82,194)</u>	<u>(9,927)</u>
<b>Net Change in Fund Balance</b>	<u>\$ 626,873</u>	<u>\$ (241,379)</u>	(218,818)	<u>\$ 32,488</u>
<b>Fund Balance</b>				
Beginning of year			<u>3,539,675</u>	
End of year			<u>\$ 3,320,857</u>	



**CITY OF LIVINGSTON**

**BUDGETARY COMPARISON SCHEDULE  
 MAINTENANCE DISTRICTS FUND  
 YEAR ENDED JUNE 30, 2020**

	<b>Budgeted Amounts</b>		<b>Actual Amounts</b>	<b>Variance with Final Budget Positive/ (Negative)</b>
	<b>Original</b>	<b>Final</b>		
<b>Revenue</b>				
Maintenance assessments	\$ 1,482,031	\$ 1,532,165	\$ 1,578,624	\$ 46,459
Investment income	13,000	13,000	40,216	27,216
Other	-	-	5,388	5,388
Total revenue	<u>1,495,031</u>	<u>1,545,165</u>	<u>1,624,228</u>	<u>79,063</u>
<b>Expenditures</b>				
Current				
Public works	2,359,609	2,511,274	1,206,553	1,304,721
Capital outlay	<u>125,000</u>	<u>125,000</u>	<u>128,100</u>	<u>(3,100)</u>
Total expenditures	<u>2,484,609</u>	<u>2,636,274</u>	<u>1,334,653</u>	<u>1,301,621</u>
Revenue over (under) expenditures	(989,578)	(1,091,109)	289,575	1,380,684
<b>Other Financing Sources/(Uses)</b>				
Transfer in/(out)	<u>24,857</u>	<u>32,430</u>	<u>24,857</u>	<u>(7,573)</u>
Total other financing sources/(uses)	<u>24,857</u>	<u>32,430</u>	<u>24,857</u>	<u>(7,573)</u>
<b>Net Change in Fund Balance</b>	<u>\$ (964,721)</u>	<u>\$ (1,058,679)</u>	314,432	<u>\$ 1,373,111</u>
<b>Fund Balance</b>				
Beginning of year			<u>2,081,683</u>	
End of year			<u>\$ 2,396,115</u>	

**CITY OF LIVINGSTON**

**BUDGETARY COMPARISON SCHEDULE  
PROGRAM INCOME FUND  
YEAR ENDED JUNE 30, 2020**

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget Positive/ (Negative)</u>
	<u>Original</u>	<u>Final</u>		
<b>Revenue</b>				
Loan repayments	\$ -	\$ -	\$ 56,450	\$ 56,450
Investment income	462	462	7,404	6,942
Other	-	-	59	59
Total revenue	<u>462</u>	<u>462</u>	<u>63,913</u>	<u>63,451</u>
<b>Expenditures</b>				
Current				
Planning and community development	<u>68,700</u>	<u>68,700</u>	<u>61,272</u>	<u>7,428</u>
Total expenditures	<u>68,700</u>	<u>68,700</u>	<u>61,272</u>	<u>7,428</u>
Revenue over (under) expenditures	(68,238)	(68,238)	2,641	70,879
<b>Net Change in Fund Balance</b>	<u>\$ (68,238)</u>	<u>\$ (68,238)</u>	2,641	<u>\$ 70,879</u>
<b>Fund Balance</b>				
Beginning of year			<u>96,239</u>	
End of year			<u>\$ 98,880</u>	

# CITY OF LIVINGSTON

## SCHEDULE OF CHANGES IN CITY'S NET OPEB LIABILITY AND RELATED RATIOS YEAR ENDED JUNE 30, 2020

### Schedule of Contributions

Fiscal Year Ending	<u>2020</u>	<u>2019</u>	<u>2018</u>
Actuarially Determined Contribution	\$ 284,608	\$ 286,831	\$ 192,372
Contributions in relation to the actuarially determined contribution	222,020	302,272	263,080
Contribution deficiency (excess)	<u>\$ 62,588</u>	<u>\$ (15,441)</u>	<u>\$ (70,708)</u>
Covered employee payroll	\$ 2,601,702	\$ 2,519,808	\$ 3,387,869
Contributions as a percentage of covered employee payroll	10.94%	12.00%	7.77%

### Notes to Schedule

Valuation Date	6/30/2018	6/30/2018	6/30/2016
Actuarial cost method	Entry Age Normal	Entry Age Normal	Entry Age Normal
Amortization method	Level Dollar	Level Dollar	Level Dollar
Amortization period	15 years closed	15 years closed	15 years closed
Asset valuation method	Market Value	Market Value	Market Value
Inflation	3.00%	3.00%	3.00%
Healthcare cost trend rates	7.00% in 2020, step down .5% per year to 5% in 2024	7.00% in 2020, step down .5% per year to 5% in 2024	7.00% in 2020, step down .5% per year to 5% in 2024
Salary increases	3.25%	3.25%	3.25%
Investment rate of return	6.50%	6.50%	6.50%
Retirement age	From 50 to 75	From 50 to 75	From 50 to 75
Mortality	2017 CalPERS Experience Study	2017 CalPERS Experience Study	2017 CalPERS Experience Study
Mortality Improvement	MW Scale 2018	MW Scale 2018	MW Scale 2014

GASB 75 requires presentation of the 10-year history of City contributions. Only results for the fiscal years since implementation (2018, 2019, and 2020) are shown in the table.

# CITY OF LIVINGSTON

## SCHEDULE OF THE CITY'S PROPORTIONATE SHARE OF NET PENSION LIABILITY LAST 10 YEARS\* YEAR ENDED JUNE 30, 2020

	Miscellaneous					
	2015	2016	2017	2018	2019	2020
Proportion of the net pension liability	0.03960%	0.09348%	0.09502%	0.09687%	0.09879%	0.10129%
Proportionate share of the net pension liability	\$ 2,464,138	\$ 2,564,162	\$ 3,300,933	\$ 3,818,551	\$ 3,723,031	\$ 4,056,159
Covered - employee payroll	\$ 1,803,899	\$ 1,685,745	\$ 1,688,533	\$ 1,982,411	\$ 2,375,780	\$ 2,180,943
Proportionate share of the net pension liability as a percentage of covered-employee payroll	136.60%	152.11%	195.49%	192.62%	156.71%	185.98%
Plan's fiduciary net position	\$ 9,846,425	\$ 9,979,680	\$ 9,935,994	\$ 10,783,736	\$ 11,916,488	\$ 1,276,650
Plan's fiduciary net position as a percentage of the Total Pension Liability	79.98%	79.56%	75.06%	73.85%	76.19%	75.89%

	Safety					
	2015	2016	2017	2018	2019	2020
Proportion of the net pension liability	0.02230%	0.02793%	0.03184%	0.03236%	0.03331%	0.03451%
Proportionate share of the net pension liability	\$ 1,387,572	\$ 1,150,641	\$ 1,649,184	\$ 1,933,287	\$ 1,954,629	\$ 2,154,291
Covered - employee payroll	\$ 892,349	\$ 951,670	\$ 1,086,467	\$ 1,184,979	\$ 1,383,595	\$ 1,391,084
Proportionate share of the net pension liability as a percentage of covered-employee payroll	155.50%	120.91%	151.79%	163.15%	141.27%	154.86%
Plan's fiduciary net position	\$ 5,699,175	\$ 5,975,667	\$ 6,088,912	\$ 6,706,478	\$ 6,809,513	\$ 7,492,201
Plan's fiduciary net position as a percentage of the Total Pension Liability	80.42%	83.85%	78.69%	77.62%	77.70%	77.67%

\*Fiscal year 2014-15 was the first year of implementation, therefore only six years are shown.

Changes of Assumptions: No changes in assumptions.

# CITY OF LIVINGSTON

## SCHEDULE OF CONTRIBUTIONS

LAST 10 YEARS\*

YEAR ENDED JUNE 30, 2020

	Miscellaneous					
	2015	2016	2017	2018	2019	2020
Contractually required contribution (actuarially determined)	\$ 195,635	\$ 182,947	\$ 267,382	\$ 300,757	\$ 271,882	\$ 413,145
Contributions in relation to the actuarially determined contributions	(195,635)	(182,947)	(267,382)	(300,757)	(271,882)	(413,145)
Contributions deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered-employee payroll	\$ 1,803,899	\$ 1,685,745	\$ 1,688,533	\$ 1,982,411	\$ 2,375,780	\$ 2,180,943
Contributions as a percentage of covered-employee payroll	10.85%	10.85%	15.84%	15.17%	11.44%	18.94%
	Safety					
	2015	2016	2017	2018	2019	2020
Contractually required contribution (actuarially determined)	\$ 141,280	\$ 143,311	\$ 183,062	\$ 201,625	\$ 252,298	\$ 273,044
Contributions in relation to the actuarially determined contributions	(141,280)	(143,311)	(183,062)	(201,625)	(252,298)	(273,044)
Contributions deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered-employee payroll	\$ 892,349	\$ 951,670	\$ 1,086,467	\$ 1,184,979	\$ 1,383,595	\$ 1,391,084
Contributions as a percentage of covered-employee payroll	15.83%	15.06%	16.85%	17.02%	18.23%	19.63%

\*Fiscal year 2014-15 was the first year of implementation, therefore only six years are shown.

**SUPPLEMENTAL ONLY INFORMATION**

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# CITY OF LIVINGSTON

## COMBINING BALANCE SHEET NON-MAJOR GOVERNMENTAL FUNDS JUNE 30, 2020

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	<b>Special Revenue Funds</b>	<b>Capital Projects Funds</b>	<b>Totals</b>
<b>ASSETS</b>			
Cash and investments	\$ 2,265,185	\$ 4,027,926	\$ 6,293,111
Accounts and interest receivable	2,181	9,150	11,331
Due from other governments	463,593	79,640	543,233
Total assets	<u>\$ 2,730,959</u>	<u>\$ 4,116,716</u>	<u>\$ 6,847,675</u>
<b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCE</b>			
<b>Liabilities</b>			
Accounts payable	\$ 29,128	\$ 90,129	\$ 119,257
Accrued expenses	10,591	-	10,591
Accrued interest payable	-	31,693	31,693
Total liabilities	<u>39,719</u>	<u>121,822</u>	<u>161,541</u>
<b>Fund Balance</b>			
Restricted			
Debt service	-	127,351	127,351
Capital improvement projects	-	3,867,543	3,867,543
Circulation improvements	2,501,279	-	2,501,279
Public safety programs	189,961	-	189,961
Total fund balance	<u>2,691,240</u>	<u>3,994,894</u>	<u>6,686,134</u>
Total liabilities, deferred inflows of resources, and fund balance	<u>\$ 2,730,959</u>	<u>\$ 4,116,716</u>	<u>\$ 6,847,675</u>

**CITY OF LIVINGSTON**

**COMBINING STATEMENT OF REVENUE, EXPENDITURES AND CHANGES IN FUND BALANCE  
NON-MAJOR GOVERNMENTAL FUNDS  
JUNE 30, 2020**

	<b>Special Revenue Funds</b>	<b>Capital Projects Funds</b>	<b>Totals</b>
<b>Revenue</b>			
Intergovernmental	\$ 1,492,400	\$ 405,718	\$ 1,898,118
Development impact fees	-	261,984	261,984
Interest income	12,615	41,091	53,706
Other	1,664	2,612	4,276
Total revenue	<u>1,506,679</u>	<u>711,405</u>	<u>2,218,084</u>
<b>Expenditures</b>			
Current			
Public safety	171,152	-	171,152
Public works	564,943	-	564,943
Planning and community development	-	160,891	160,891
Capital outlay	157,389	1,427,475	1,584,864
Debt Service			
Interest	-	31,693	31,693
Total expenditures	<u>893,484</u>	<u>1,620,059</u>	<u>2,513,543</u>
Revenue over/(under) expenditures	613,195	(908,654)	(295,459)
<b>Other Financing Sources/(Uses)</b>			
Capital lease proceeds	-	2,323,000	2,323,000
Transfer in/(out)	(721)	40,558	39,837
Total other financing sources/(uses)	<u>(721)</u>	<u>2,363,558</u>	<u>2,362,837</u>
<b>Change in Fund Balance</b>	612,474	1,454,904	2,067,378
<b>Fund Balance</b>			
Beginning of year	2,078,766	2,539,990	4,618,756
End of year	<u>\$ 2,691,240</u>	<u>\$ 3,994,894</u>	<u>\$ 6,686,134</u>



# CITY OF LIVINGSTON

## COMBINING BALANCE SHEET NON-MAJOR SPECIAL REVENUE FUNDS YEAR ENDED JUNE 30, 2020

	Public Safety	RSTP	Local Transportation	Gas Tax	SB-1	Measure V	Abandoned Vehicle Abatement	Total
<b>ASSETS</b>								
Cash and investments	\$ 31,008	\$ 472,273	\$ 133,960	\$ 79,467	\$ 561,825	\$ 884,422	\$ 102,230	\$ 2,265,185
Accounts and interest receivable	102	1,300	224	26	-	529	-	2,181
Due from other governments	56,756	263,451	8,130	-	18,470	116,786	-	463,593
Total assets	<u>\$ 87,866</u>	<u>\$ 737,024</u>	<u>\$ 142,314</u>	<u>\$ 79,493</u>	<u>\$ 580,295</u>	<u>\$ 1,001,737</u>	<u>\$ 102,230</u>	<u>\$ 2,730,959</u>
<b>LIABILITIES AND FUND BALANCE</b>								
<b>Liabilities</b>								
Accounts payable	135	-	13,508	9,917	-	5,568	-	29,128
Accrued expenses	-	-	-	10,591	-	-	-	10,591
Total liabilities	<u>135</u>	<u>-</u>	<u>13,508</u>	<u>20,508</u>	<u>-</u>	<u>5,568</u>	<u>-</u>	<u>39,719</u>
<b>Fund Balance</b>								
Restricted								
Circulation improvements	-	737,024	128,806	58,985	580,295	996,169	-	2,501,279
Public safety programs	87,731	-	-	-	-	-	102,230	189,961
Total fund balance	<u>87,731</u>	<u>737,024</u>	<u>128,806</u>	<u>58,985</u>	<u>580,295</u>	<u>996,169</u>	<u>102,230</u>	<u>2,691,240</u>
Total liabilities and fund balance	<u>\$ 87,866</u>	<u>\$ 737,024</u>	<u>\$ 142,314</u>	<u>\$ 79,493</u>	<u>\$ 580,295</u>	<u>\$ 1,001,737</u>	<u>\$ 102,230</u>	<u>\$ 2,730,959</u>

# CITY OF LIVINGSTON

## COMBINING STATEMENT OF REVENUE, EXPENDITURES AND CHANGES IN FUND BALANCE NON-MAJOR SPECIAL REVENUE FUNDS YEAR ENDED JUNE 30, 2020

	Public Safety	RSTP	Local Transportation	Gas Tax	SB-1	Measure V	Abandoned Vehicle Abatement	Total
<b>Revenue</b>								
Intergovernmental	\$ 156,960	\$ 263,451	\$ 32,518	\$ 330,813	\$ 235,822	\$ 452,117	\$ 20,719	\$ 1,492,400
Interest	590	7,533	1,280	145	-	3,067	-	12,615
Other	337	-	892	435	-	-	-	1,664
Total revenue	<u>157,887</u>	<u>270,984</u>	<u>34,690</u>	<u>331,393</u>	<u>235,822</u>	<u>455,184</u>	<u>20,719</u>	<u>1,506,679</u>
<b>Expenditures</b>								
Current								
Public safety	142,928	-	-	-	-	-	28,224	171,152
Public works	-	-	-	443,934	-	121,009	-	564,943
Capital outlay	-	-	78,609	11,640	-	67,140	-	157,389
Total expenditures	<u>142,928</u>	<u>-</u>	<u>78,609</u>	<u>455,574</u>	<u>-</u>	<u>188,149</u>	<u>28,224</u>	<u>893,484</u>
Revenue over (under) expenditures	14,959	270,984	(43,919)	(124,181)	235,822	267,035	(7,505)	613,195
<b>Other financing sources/(uses)</b>								
Transfer in/(out)	<u>(49,061)</u>	<u>-</u>	<u>-</u>	<u>48,340</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(721)</u>
Total other financing sources/(uses)	<u>(49,061)</u>	<u>-</u>	<u>-</u>	<u>48,340</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(721)</u>
<b>Change in Fund Balance</b>	(34,102)	270,984	(43,919)	(75,841)	235,822	267,035	(7,505)	612,474
<b>Fund Balance</b>								
Beginning of year	<u>121,833</u>	<u>466,040</u>	<u>172,725</u>	<u>134,826</u>	<u>344,473</u>	<u>729,134</u>	<u>109,735</u>	<u>2,078,766</u>
End of year	<u>\$ 87,731</u>	<u>\$ 737,024</u>	<u>\$ 128,806</u>	<u>\$ 58,985</u>	<u>\$ 580,295</u>	<u>\$ 996,169</u>	<u>\$ 102,230</u>	<u>\$ 2,691,240</u>

**CITY OF LIVINGSTON**

**COMBINING BALANCE SHEET  
NON-MAJOR CAPITAL PROJECTS FUNDS  
YEAR ENDED JUNE 30, 2020**

	<u>Park Impact Fees</u>	<u>Police Impact Fees</u>	<u>Fire Impact Fees</u>	<u>General Plan Impact Fees</u>	<u>Municipal Facilities Impact Fees</u>
<b>ASSETS</b>					
Cash and investments	\$ 26,875	\$ 228,639	\$ 282,240	\$ 290,932	\$ 925,901
Accounts and interest receivable	77	704	1,056	1,164	3,147
Due from other governments	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total assets	<u>\$ 26,952</u>	<u>\$ 229,343</u>	<u>\$ 283,296</u>	<u>\$ 292,096</u>	<u>\$ 929,048</u>
<b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCE</b>					
<b>Liabilities</b>					
Accounts payable	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Total liabilities	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Fund Balance</b>					
Restricted					
Capital improvement projects	<u>26,952</u>	<u>229,343</u>	<u>283,296</u>	<u>292,096</u>	<u>929,048</u>
Total fund balance	<u>26,952</u>	<u>229,343</u>	<u>283,296</u>	<u>292,096</u>	<u>929,048</u>
Total liabilities, deferred inflows of resources, and fund balance	<u>\$ 26,952</u>	<u>\$ 229,343</u>	<u>\$ 283,296</u>	<u>\$ 292,096</u>	<u>\$ 929,048</u>

**CITY OF LIVINGSTON**

**COMBINING BALANCE SHEET  
NON-MAJOR CAPITAL PROJECTS FUNDS (CONTINUED)  
YEAR ENDED JUNE 30, 2020**

	<u>Amenities Impact fees</u>	<u>Streets &amp; Storm Drain Impact Fees</u>	<u>Developer Projects</u>	<u>Capital Projects</u>	<u>Total</u>
<b>ASSETS</b>					
Cash and investments	\$ 21,855	\$ 531,242	\$ -	\$ 1,720,242	\$ 4,027,926
Accounts and interest receivable	74	1,795	-	1,133	9,150
Due from other governments	-	-	-	79,640	79,640
Total assets	<u>\$ 21,929</u>	<u>\$ 533,037</u>	<u>\$ -</u>	<u>\$ 1,801,015</u>	<u>\$ 4,116,716</u>
<b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCE</b>					
<b>Liabilities</b>					
Accounts payable and accrued expense	\$ -	\$ -	\$ -	\$ 90,129	\$ 90,129
Accrued interest payable	-	-	-	31,693	31,693
Total liabilities	<u>-</u>	<u>-</u>	<u>-</u>	<u>121,822</u>	<u>121,822</u>
<b>Fund Balance</b>					
Restricted					
Debt service	-	-	-	127,049	127,049
Capital improvement projects	21,929	533,037	-	1,552,144	3,867,845
Total fund balance	<u>21,929</u>	<u>533,037</u>	<u>-</u>	<u>1,679,193</u>	<u>3,994,894</u>
Total liabilities, deferred inflows of resources, and fund balance	<u>\$ 21,929</u>	<u>\$ 533,037</u>	<u>\$ -</u>	<u>\$ 1,801,015</u>	<u>\$ 4,116,716</u>

# CITY OF LIVINGSTON

## COMBINING STATEMENT OF REVENUE, EXPENDITURES AND CHANGES IN FUND BALANCE NON-MAJOR CAPITAL PROJECTS FUNDS YEAR ENDED JUNE 30, 2020

	<u>Park Impact Fees</u>	<u>Police Impact Fees</u>	<u>Fire Impact Fees</u>	<u>General Plan Impact Fees</u>	<u>Municipal Facilities Impact Fees</u>
<b>Revenue</b>					
Intergovernmental	\$ -	\$ -	\$ -	\$ -	\$ -
Development impact fees	41,316	58,851	33,972	86,894	40,951
Investment income	420	2,116	6,115	3,500	15,569
Other	1,306	-	-	-	1,306
Total revenue	<u>43,042</u>	<u>60,967</u>	<u>40,087</u>	<u>90,394</u>	<u>57,826</u>
<b>Expenditures</b>					
Current					
Public works	-	-	-	-	-
Planning and community development	29,806	11,781	284	96,399	22,055
Capital outlay	34,043	-	-	-	12,901
Debt Service					
Interest	-	-	-	-	-
Total expenditures	<u>63,849</u>	<u>11,781</u>	<u>284</u>	<u>96,399</u>	<u>34,956</u>
Revenue over (under) expenditures	(20,807)	49,186	39,803	(6,005)	22,870
<b>Other financing sources/(uses)</b>					
Capital lease proceeds	-	-	-	-	-
Transfer in/(out)	-	-	-	-	-
Total other financing sources/(uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Change in Fund Balance</b>	(20,807)	49,186	39,803	(6,005)	22,870
<b>Fund Balance</b>					
Beginning of year	<u>47,759</u>	<u>180,157</u>	<u>243,493</u>	<u>298,101</u>	<u>906,178</u>
End of year	<u>\$ 26,952</u>	<u>\$ 229,343</u>	<u>\$ 283,296</u>	<u>\$ 292,096</u>	<u>\$ 929,048</u>

# CITY OF LIVINGSTON

## COMBINING STATEMENT OF REVENUE, EXPENDITURES AND CHANGES IN FUND BALANCE NON-MAJOR CAPITAL PROJECT FUNDS (CONTINUED) YEAR ENDED JUNE 30, 2020

	Amenities Impact Fees	Streets & Storm Drain Impact Fees	Developer Projects	Capital Projects	Total
<b>Revenue</b>					
Intergovernmental	\$ -	\$ -	\$ -	\$ 405,718	\$ 405,718
Development impact fees	-	-	-	-	261,984
Investment income	222	9,062	-	4,087	41,091
Other	-	-	-	-	2,612
Total revenue	<u>222</u>	<u>9,062</u>	<u>-</u>	<u>409,805</u>	<u>711,405</u>
<b>Expenditures</b>					
Current					
Planning and community development	-	566	-	-	160,891
Capital outlay	-	-	-	1,380,531	1,427,475
Debt Service					
Interest	-	-	-	31,693	31,693
Total expenditures	<u>-</u>	<u>566</u>	<u>-</u>	<u>1,412,224</u>	<u>1,620,059</u>
Revenue over (under) expenditures	222	8,496	-	(1,002,419)	(908,654)
<b>Other financing sources/(uses)</b>					
Capital lease proceeds	-	-	-	2,323,000	2,323,000
Transfer in/(out)	-	-	-	40,558	40,558
Total other financing sources/(uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,363,558</u>	<u>2,363,558</u>
<b>Change in Fund Balance</b>	222	8,496	-	1,361,139	1,454,904
<b>Fund Balance</b>					
Beginning of year	<u>21,707</u>	<u>524,541</u>	<u>-</u>	<u>318,054</u>	<u>2,539,990</u>
End of year	<u>\$ 21,929</u>	<u>\$ 533,037</u>	<u>\$ -</u>	<u>\$ 1,679,193</u>	<u>\$ 3,994,894</u>

# CITY OF LIVINGSTON

## SCHEDULE OF NET REVENUE AVAILABLE FOR DEBT SERVICE YEAR ENDED JUNE 30, 2020

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	<u>Domestic Waste Water</u>
<b>OPERATING REVENUES</b>	
Charges for Services	\$ 2,135,272
Other Income	49,274
Total Operating Revenues	<u>2,184,546</u>
<b>OPERATING EXPENSES</b>	
Contract Services and Utilities	403,173
Personnel Costs	763,645
Supplies and Materials	302,754
Total Operating Expenses	<u>1,469,572</u>
Net Revenue	714,974
<b>NON-OPERATING REVENUES/EXPENSES</b>	
Development impact fees	141,184
Investment income	38,414
Net Non-operating Revenues (Expenses)	<u>179,598</u>
Net Revenue Available for Debt Service	<u>\$ 894,572</u>
<b>PARITY OBLIGATION DEBT SERVICE</b>	
2016A Sewer Refunding Bond Debt Service	<u>\$ 451,250</u>
<b>PARITY OBLIGATION DEBT SERVICE RATE COVENANT COVERAGE</b>	1.98

**INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER  
FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS  
BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED  
IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS***

To the Honorable Mayor and City Council  
City of Livingston, California

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Livingston, California, (the "City") as of and for the year ended June 30, 2020, and the related notes to the financial statements, which collectively comprise City's basic financial statements, and have issued our report thereon dated March 31, 2021.

**Internal Control Over Financial Reporting**

In planning and performing our audit of the financial statements, we considered the City's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of City's internal control. Accordingly, we do not express an opinion on the effectiveness of City's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or, significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

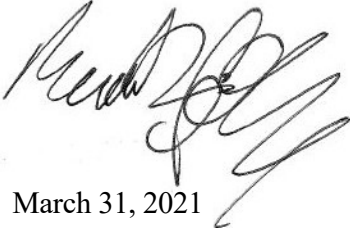
**Compliance and Other Matters**

As part of obtaining reasonable assurance about whether City's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.



## Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

A handwritten signature in black ink, appearing to be "Michael J. [unclear]", written in a cursive style.

March 31, 2021

**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE; AND REPORT ON SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS REQUIRED BY UNIFORM GUIDANCE**

To the Honorable Mayor and City Council  
City of Livingston, California

**Report on Compliance for Each Major Federal Program**

We have audited the City of Livingston's (the City) compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on the City's major federal program for the year ended June 30, 2020. The City's major federal program is identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

**Management's Responsibility**

Management is responsible for compliance with the federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

**Auditor's Responsibility**

Our responsibility is to express an opinion on compliance for each of the City's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the City's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for the major federal program. However, our audit does not provide a legal determination of the City's compliance.

**Opinion on Each Major Federal Program**

In our opinion, the City, complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2020.

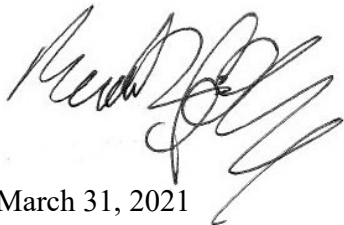
## Report on Internal Control over Compliance

Management of the City is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the City's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the City's internal control over compliance.

A *deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

A handwritten signature in black ink, appearing to be 'Michael J. [unclear]', written in a cursive style.

March 31, 2021

**CITY OF LIVINGSTON**

**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
YEAR ENDED JUNE 30, 2020**

<b>Federal Grantor/Pass-through Grantor/Program Title</b>	<b>Federal CFDA Number</b>	<b>Agency or Pass-through Number</b>	<b>Federal Expenditures</b>
U.S. Department of Housing and Urban Development Passed through State Department of Housing and Community Development Community Development Block Grants/State's program and Non-Entitlement Grants in Hawaii	14.228	16-CDBG-11142	\$ 286,078
Total Community Development Block Grants/State's program and Non-Entitlement Grants			<u>286,078</u>
U.S. Department of Housing and Urban Development Passed through State Department of Housing and Community Development Home Investment Partnerships Program	14.239	Program Income	61,255
Total Home Investment Partnerships Program			<u>61,255</u>
Total U.S. Department of Housing and Urban Development			<u>347,333</u>
U.S. Department of Transportation Passed through State Department of Transportation Highway Planning and Construction	20.205	CML-5216(015)	384,203
Highway Planning and Construction	20.205	CML-5216(018)	12,892
Highway Planning and Construction	20.205	CML-5216(019)	8,623
Total U. S. Department of Transportation			<u>405,718</u>
<i>Total Federal Expenditures</i>			<u>\$ 753,051</u>

# CITY OF LIVINGSTON

## NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS YEAR ENDED JUNE 30, 2020

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### **Note 1 – Significant Accounting Policies**

The accompanying Schedule of Expenditures of Federal Awards (SEFA) presents the activity of all federal award programs of the City of Livingston, California (the City). Federal awards received directly from federal agencies as well as federal awards passed through other nonfederal agencies, primarily the State of California, are included in the SEFA. The City's reporting entity is defined in Note 1 to the City's basic financial statements.

### **Note 2 – Basis of Accounting**

The accompanying SEFA is presented using the modified accrual basis of accounting for grants accounted for in the governmental fund types and the accrual basis of accounting for grants accounted for in the proprietary fund types, as described in Note 1 to the City's basic financial statements. The information in the SEFA is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations (CFR) part 200 *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Therefore, some amounts presented in, or used in the preparation of, the SEFA may differ from amounts presented in the basic financial statements.

### **Note 3 – Catalog of Federal Domestic Assistance (CFDA) Numbers**

The CFDA numbers included in the accompanying SEFA were determined based on program name, review of grant contract information, and the Office of Management and Budget's Catalog of Federal Domestic Assistance.

### **Note 4 – Relationship to the Financial Statements**

Expenditures of federal awards are reported in the City's basic financial statements as expenditures/expenses in the General Fund, nonmajor special revenue funds, nonmajor capital project funds, and the enterprise funds.

### **Note 5 – Indirect Cost Rate**

The City did not elect to use the 10% de minimus cost rate as covered in 2 CFR §200.414.

# CITY OF LIVINGSTON

## SCHEDULE OF FINDINGS AND QUESTIONED COSTS YEAR ENDED JUNE 30, 2020

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### A. Summary of Auditor's Results

#### *Financial Statements*

Type of auditor's report issued:

Unmodified

Internal control over financial reporting:

- Material weaknesses identified?  Yes  No
- Significant deficiencies identified?  Yes  None reported
- Non-compliance material to financial statements noted?  Yes  No

#### *Federal Awards*

Internal control over major programs:

- Material weaknesses identified?  Yes  No
- Significant deficiencies identified?  Yes  None reported

Type of auditor's report issued on compliance for major programs:

Unmodified

Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)?

Yes  No

#### *Identification of Major Programs*

**CFDA Number**

**Name of Federal Program or Cluster**

20.205

Highway Planning and Construction

Dollar threshold used to distinguish between Type A and Type B programs:

\$750,000

Auditee qualified as low-risk auditee?

Yes  No

### B. Findings – Financial Statements Audit

None noted.

### C. Findings and Questioned Costs – Major Federal Award Programs Audit

None noted.

**CITY OF LIVINGSTON**

**SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS  
YEAR ENDED JUNE 30, 2020**

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**Summary Schedule of Prior Audit Findings**

There were no prior year audit findings.